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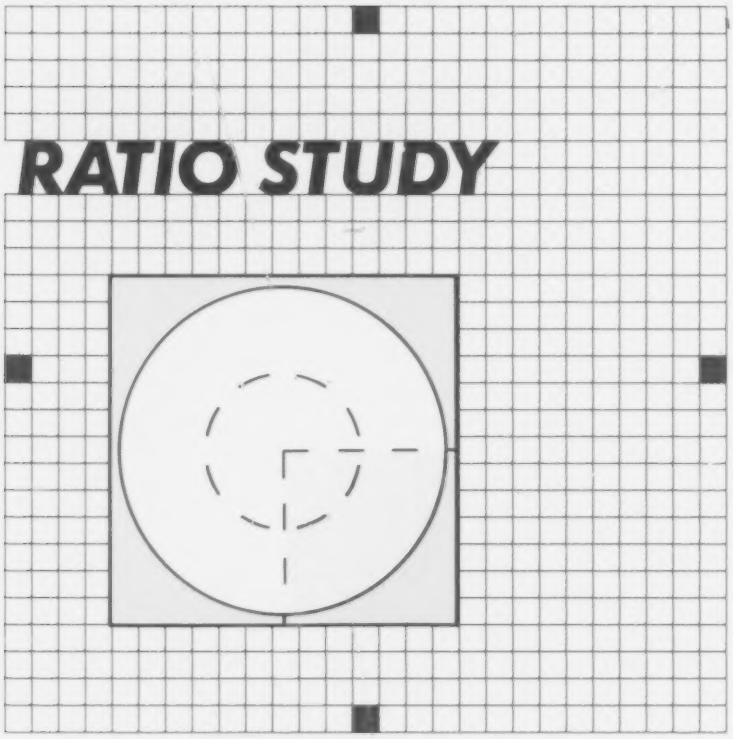
RATIO STUDY



1990-91 Edition

Financial and Operating Ratios of the
North American Forms Manufacturing Industry

financial management services

FormsPlanner™

International Business Forms Industries, Inc.

THE 1990-91 RATIO STUDY

Prepared at the direction of the Economic & Market Research Committee of International Business Forms Industries, Inc. for the benefit of the forms industry and its customers.

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Introduction

The 1990/91 IBFI Ratio Study represents the most complete, accurate and up-to-date database of financial and operating data for business forms manufacturers published anywhere.

Confidential survey forms were mailed to IBFI members in March, 1991. A total of 76 completed and usable responses were received. Statistically the sample consisted of the following groupings:

	Number of Firms	Percent of Firms
All Firms	**76**	**100%**
By Company Sales Size		
Under $3 Million	8	10
$3-8 Million	24	32
$8-15 Million	21	28
$15-40 Million	14	18
Over $40 Million	9	12
By Distribution Channel		
Direct	24	32
Indirect	49	64
Combination	3	4
By Product		
Continuous Custom	27	36
Continuous Stock	2	3
Unit Sets	2	3
Mixed Product	45	59
Mixed Product		
Direct	20	44
Indirect	22	49
Combination	3	7
Continuous Custom		
Direct	3	11
Indirect	24	89
Unit Sets		
Direct	0	0
Indirect	2	100
Continuous Stock		
Direct	1	50
Indirect	1	50

	Number of Firms	Percent of Firms
By Average Order Size		
Under 1,000	1	1
1,000-10,000	25	33
11,000-25,000	35	46
26,000-50,000	6	8
51,000-100,000	6	8
Over 100,000	3	4

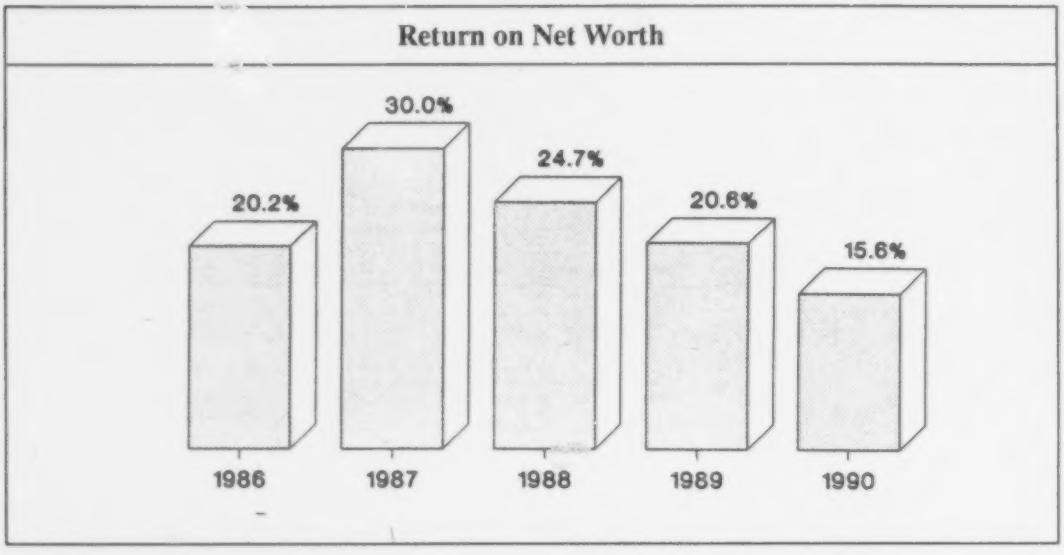
Data are not reported for any grouping consisting of fewer than three companies.

Surveys were processed and the results were tabulated by Industry Insights, Inc., an independent survey research firm in Columbus, Ohio.

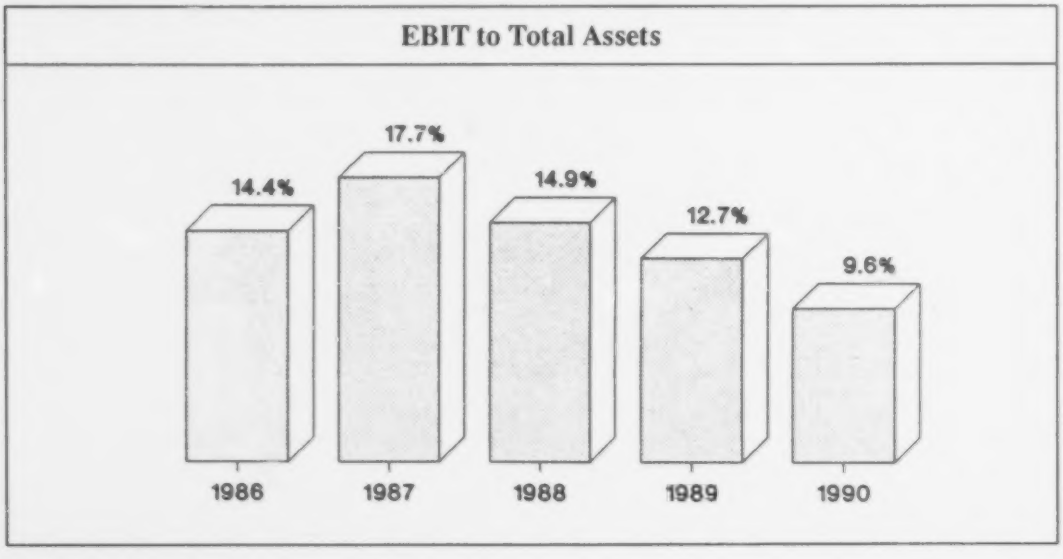
Executive Summary

PROFITABILITY

Profitability in the business forms industry continued to decline in 1990. Return on net worth dropped to 15.6%, the third straight year it has fallen. This ratio, which measures the business' return to its **owners**, was only half as much in 1990 as it was in 1987.



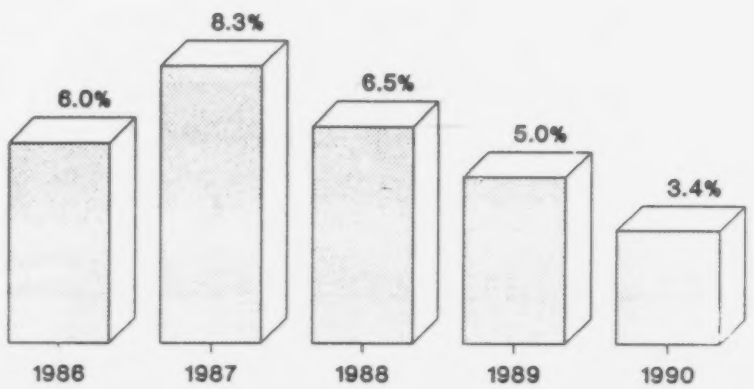
Another key ratio to examine is EBIT* to Total Assets. This is the best overall measure of the **operational** profit ability of the business. This ratio has also declined steadily over the past three years, reaching 9.6% in 1990.



*Earnings Before Interest and Taxes

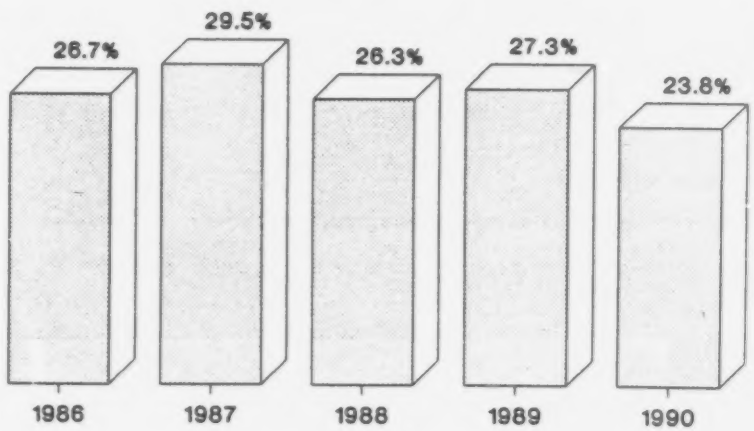
The reason that industry profitability has fallen is a precipitous decline in the ratio of net income to net sales on the income statement.

Net Income to Net Sales

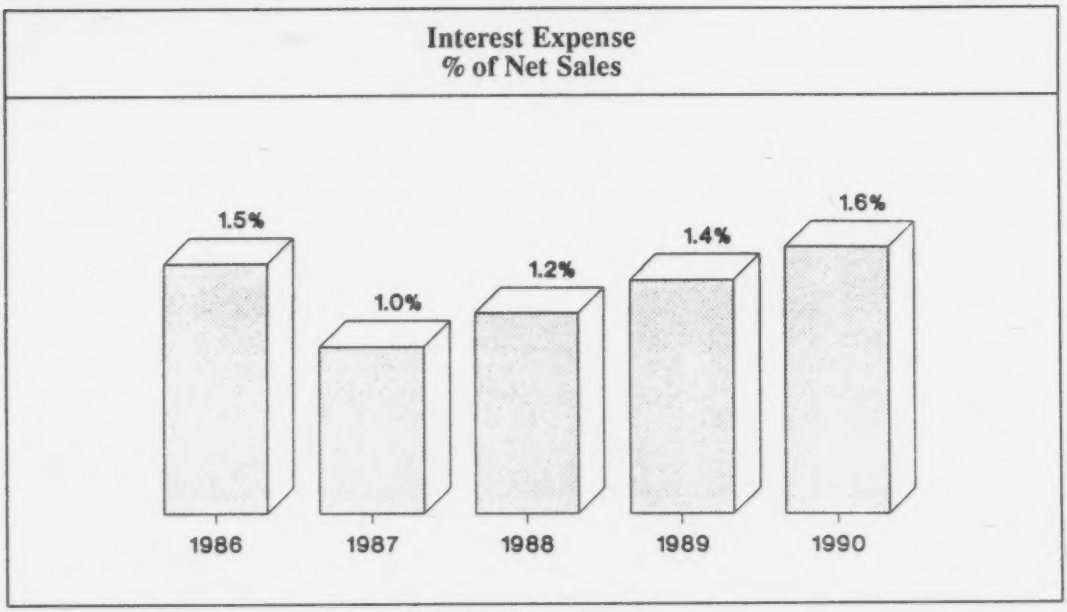


This, in turn, was caused **mostly** by changes in gross profit. Gross profit was just under 24% in 1990, its lowest level in the five year period. The drop in gross profit last year was due to much higher factory payroll and factory fixed expenses as a percent of sales. Materials cost actually fell from its 1989 level as a percent of sales.

Gross Profit

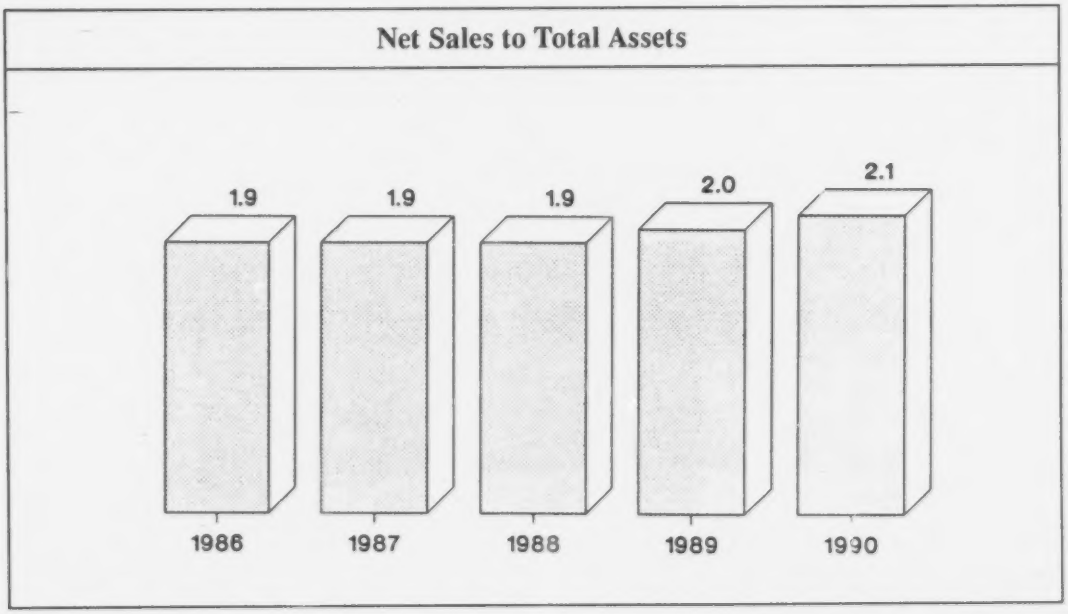


Although it is not a **major** reason for the decline in profitability, interest expense has risen rather significantly over the past three years, from 1% of sales in 1987 to 1.6% in 1990.



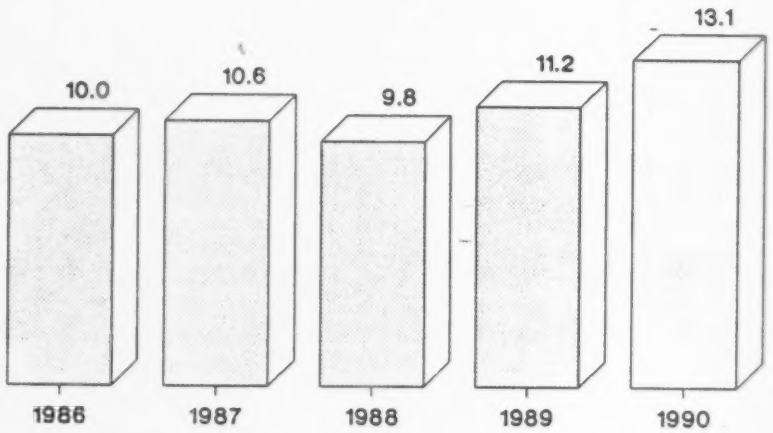
PRODUCTIVITY

While overall profitability has fallen, asset productivity in the industry has remained strong. The ratio of net sales to total assets continued to gradually improve in 1990, reaching 2.1. This means that each dollar invested in assets generated $2.10 in sales last year.



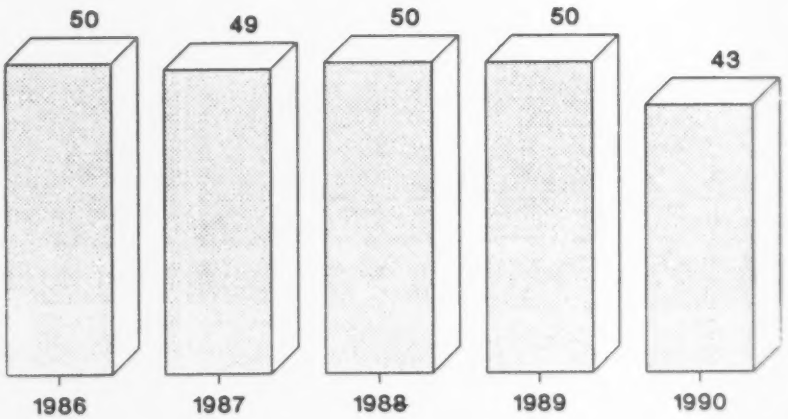
Inventory turnover has risen in each of the past four years. It stood at 13.1 times in 1990.

Inventory Turnover

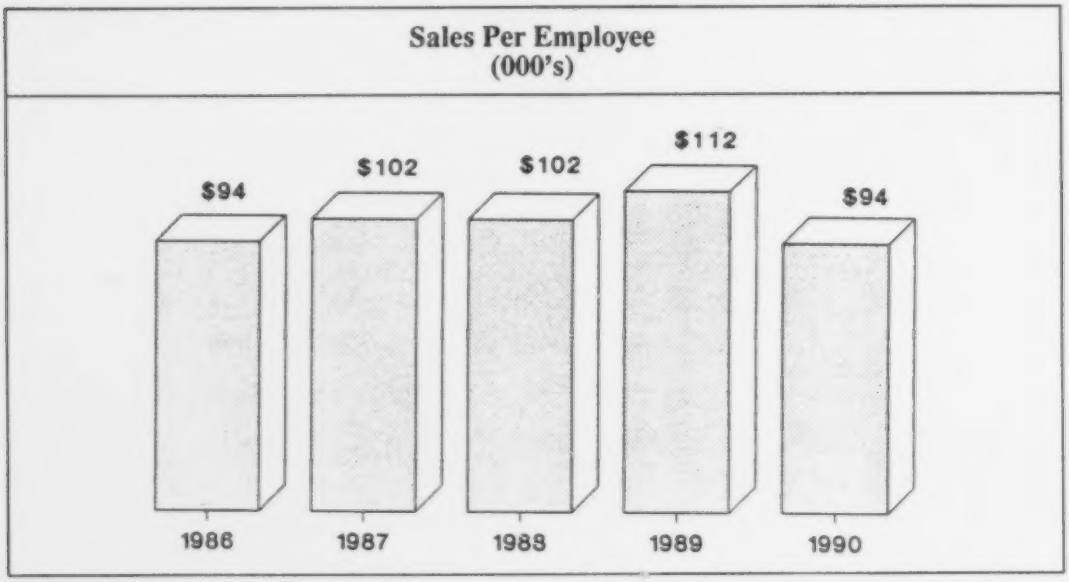


The average collection period for accounts receivable improved to 43 days in 1990. It had been around the 50 day mark since 1986.

Collection Days of Accounts Receivable



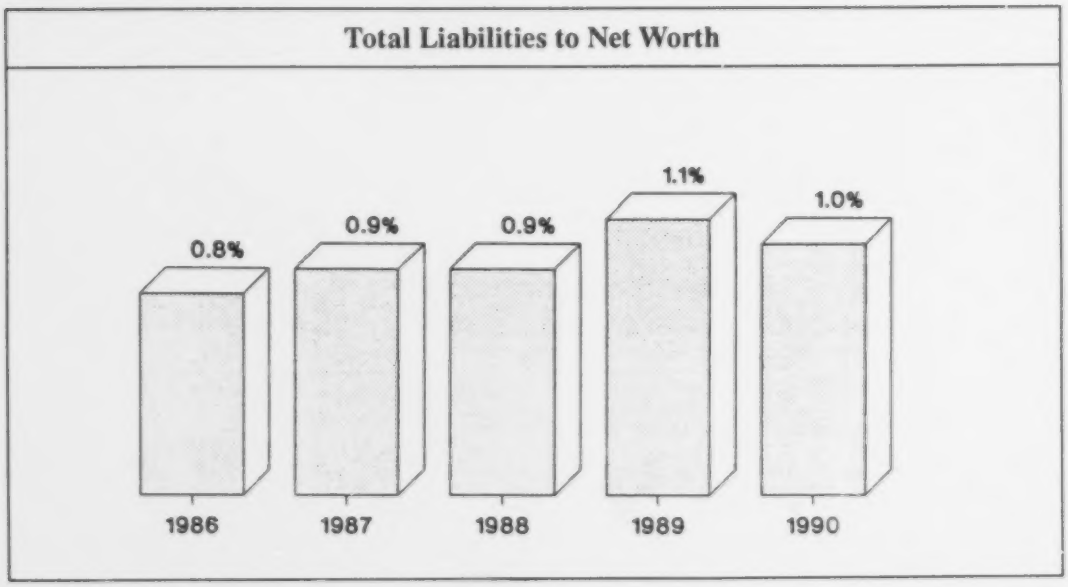
Although **asset** productivity has continued to improve, **employee** productivity declined in 1990. Sales per employee fell from $112,000 in 1989 to $94,000 last year, a drop of 16%.



FINANCIAL CONDITION

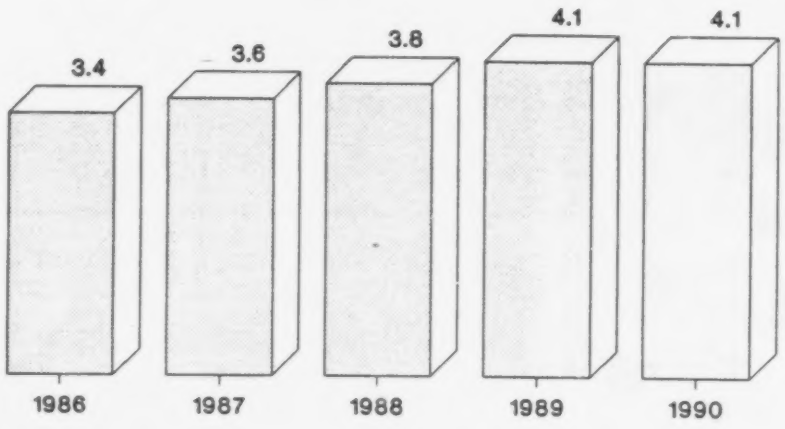
From a financial perspective, the business forms industry remains rather conservative. Financial leverage is quite modest and working capital seems more than adequate.

Financial leverage is the degree to which companies rely on debt versus equity to fund their operations. A good measure of leverage is the ratio of total liabilities to net worth. This ratio has risen slightly since 1986, but was still at a conservative level of 1.0 in 1990.



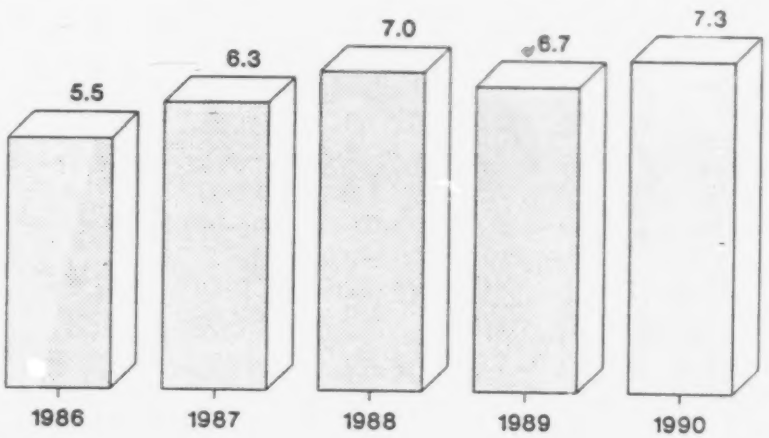
The ratio of sales to net worth, sometimes called the trading ratio, has increased since 1986 although it remained at 4.1 in 1990. This is the level of sales generated out of each dollar of equity funding.

Sales To Net Worth



The increase in the sales to net working capital ratio along with the trading ratio indicates that forms suppliers have been squeezing more sales dollars out of their asset bases.

Sales To Net Working Capital



The following chart shows the movement of some of the most important performance measures over the past five years.

Five Year Performance Trends

	1986/87	1987/88	1988/89	1989/90	1990/91
Profitability					
Net Income to Net Worth	20.2%	30.0%	24.7%	20.6%	15.6%
Net Income to Total Assets	11.5	15.9	12.6	9.9	6.8
EBIT* to Total Assets	14.4	17.7	14.9	12.7	9.6
Net Income to Net Sales	6.0	8.3	6.5	5.0	3.4
Return on Investment	9.2	12.2	9.4	8.2	4.4
Gross Profit	26.7	29.5	26.3	27.3	23.8
Asset Productivity					
Net Sales to Total Assets	1.9	1.9	1.9	2.0	2.1
Net Sales to Net Fixed Assets	5.4	4.6	4.6	5.2	5.2
Inventory Turnover	10.0	10.6	9.8	11.2	13.1
Days Raw Materials in Inventory	42	47	46	32	43
Collection Days of Accounts Receivable	50	49	50	50	43
Employee Productivity					
Sales per Employee	$94,427	$102,240	$102,412	$112,161	$93,966
Working Capital Ratios					
Current Assets to Current Liabilities	2.5	2.3	2.2	2.5	2.2
Net Sales to Net Working Capital	5.5	6.3	7.0	6.7	7.3
Inventory to Net Working Capital	0.5	0.6	0.7	0.6	0.6
Investment Adequacy					
Current Liabilities to Net Worth	0.4	0.4	0.4	0.4	0.5
Total Liabilities to Net Worth	0.8	0.9	0.9	1.1	1.0
Net Sales to Net Worth	3.4	3.6	3.8	4.1	4.1

*Earnings Before Interest and Taxes

How To Use This Report

The 1990-91 **IBFI Ratio Study** has been designed to help business forms manufacturers evaluate their own performance relative to that of similar companies in order to identify improvement opportunities. The report is designed so that significant insights into a firm's business can be realized with only minimal analysis time and effort. **Moreover, one does not have to be a financial expert to use this information. Relatively simple analysis of a company's own results using the industry data for comparison can yield significant improvement opportunities.**

PRIORITIZING YOUR EFFORTS

The information in a report of this type can first seem overwhelming. However, if you prioritize which information you want to consider first, the analysis of your business can be made quite manageable.

Begin with the Key Ratios. These provide the best overview of your firm's position in the areas of profitability, productivity and financial position.

Next, examine your income statement as a percent of sales versus the industry statistics provided for businesses most similar to yours. Adjusting expenses tends to be rather straight-forward and can yield some relatively quick and substantial improvements.

After this first look, you should have a pretty good idea of what other information you may have to consider to supplement your analysis. For example, if payroll is high compared to the typical industry figures, you should examine the detailed personnel productivity ratios to gain further insight.

RECOMMENDED STEP-BY-STEP APPROACH

As you use this report, you might want to follow the step-by-step approach outlined below.

Step 1: Collect the Necessary Company Data

The first step in using this report is to gather all your financial, personnel and operating results for your 1990 fiscal year. Most of the needed data will have to be extracted from sources such as personnel files, billing records, accounting statements, and the like. If you participated in the 1990/91 survey, this step has probably already been done.

Step 2: Calculate the Ratios

The second step is to compute all the various performance indicators for your firm that are included in this report using the data gathered in Step 1. **It is extremely important to calculate these ratios using the same formulas which were used to produce the ratios in this report**. These formulas, along with sample calculations of each measure, appear in the Appendix of this report.

Companies which participated in the survey and filled out the survey form completely received a confidential computer generated individual Company Performance Report of their own firm's key management information calculated and formatted in a manner that is consistent with the information in this report. Thus, for those firms, Step 2 has

already been completed for them in an accurate, time-saving manner. Industry firms who did not participate in the 1990/91 survey should strongly consider doing so in 1992.

Step 3: Compare the Results

Next, compare your company's performance with the survey results of other firms in the industry. As you do so, several points should be recognized.

1. A deviation between your firm's figures (for any performance measure) and numbers in the report is not necessarily good or bad. It merely indicates that additional analysis may be required. As a rule, the larger the difference, the greater the need for further investigation.

2. In situations where large deviations do exist, it may be helpful to go back and calculate the same performance measure over the past several years to identify any trends that may exist.

3. The information in this report should be used as **guidelines** rather than absolute **standards**. Since firms differ as to their product specialties, location, size, and other factors, any two firms can be successful, yet have very different experiences with regard to certain performance measures.

HOW THE TABLES ARE ORGANIZED

The tables in this report are organized to include a number of important financial ratios for each relevant *grouping* of similar companies. The groupings presented are:

- All Reporting Firms--refers to the results of all companies responding to the survey.

- Leaders--These are the companies which achieved a ratio of net profit before tax to sales of at least 8%.

- By Sales Volume--There are often substantial differences in the operation of small versus large firms. For this reason the survey results are separated into various sales volume groups. These are:

  - Under $3 Million
  - $3-8 Million
  - $8-15 Million
  - $15-40 Million
  - Over $40 Million

- By Product Emphasis by Distribution Channel--There are two primary channels of distribution - direct to customers and indirect through dealers. If at least 60% of sales were generated through one of these channels or the other, the company is classified correspondingly as *direct* or *indirect*. In a few cases, neither channel accounts for 60% or more of sales. These firms are classified as *combination*.

Within each channel, firms are classified by the primary type of products they sell. These are:

- Continuous Custom
- Unit Sets
- Mixed Products

Product categories were assigned similarly to channel. If at least 60% of sales were achieved by Continuous Custom or Unit Sets, the company was placed in that grouping. If not, it was considered to be a seller of Mixed Products.

STATISTICAL NOTES

- Some of the ratios and data in this report are reported on the basis of medians and some are computed using simple (unweighted) averages. Income statement, balance sheet and other items that must add to a total are computed using **means**. Most other ratios are determined using **medians**, since the median is not distorted by extremely high or low values and is thus more representative of typical performance. The median is simply the mid-point of the figures for a particular, ratio, with one-half of firms reporting figures above it and one-half below.

  In some cases, attempting to derive ratios from other ratios will not result in the same figures since some are means and others are medians.

- In the past, most ratios in this report were computed using weighted averages. Comparisons between figures in this report and prior reports should be made with care.

All Firms

	All Firms	Leaders
INCOME STATEMENT		
Value - Products Manufactured	94.73%	96.26%
Outside Purchases	5.27	3.74
Value of Production	100.00	100.00
Cost Of Production		
MATERIALS		
Paper	34.07	34.77
Carbon	2.48	1.52
Other	3.16	2.13
Outside Finished Products	4.15	3.16
Total Materials Used	43.86	41.57
FACTORY PAYROLL		
Supervisory Salaries	2.24	1.73
Direct Wages		
Prepress	2.32	2.08
Press	6.33	6.04
Collator Operators	2.82	3.11
General Bindery	1.32	0.76
Total Direct Wages	12.79	12.00
Direct Overtime Wages (MEMO)	0.88	0.76
General Factory Salary & Wages	1.94	2.08
Packing, Shipping & Delivery Wages	0.94	1.01
Payroll Taxes	1.58	1.37
Employee Benefits	2.41	2.50
Total Factory Payroll *	21.90	20.68
FACTORY FIXED EXPENSES		
Occupancy Expense	2.56	2.26
Insurance	0.42	0.31
Taxes	0.46	0.43
Depreciation	3.23	2.98
Total Factory Fixed Expenses	6.67	5.97
Other Factory Supplies & Expense	4.91	4.50
Total Factory Expense	11.58	10.47
Total Cost of Production	77.35	72.73
Gross Profit - Forms Manufacturing	22.65	27.27
OTHER OPERATIONS		
Value of Other Products & Services	2.91	10.40
Cost of Other Products & Services	1.77	5.71
Gross Profit - Other Products & Services	1.14	4.69
Total Gross Profit - All Operations	23.79%	31.96%

*Excluding Direct Overtime Wages

	All Firms	Leaders
Administrative Expenses		
Executive Salaries	2.45%	2.05%
Office Salaries	2.44	2.10
Payroll Taxes	0.33	0.27
Employee Benefits	0.63	0.72
General Office Expense	2.80	2.58
Bad Debts	0.33	0.38
Total Administrative Expenses	8.98	8.11
Selling Expenses		
Executive Salaries	0.93	0.55
Salesperson Salaries & Commission	3.47	4.68
Sales - Clerical Salaries	1.56	1.29
Payroll Taxes	0.35	0.23
Employee Benefits	0.47	0.50
Travel & Entertainment	0.60	0.65
General Selling Expense	1.46	1.70
Shipping & Delivery Expense	0.68	0.92
Advertising	0.43	0.33
Total Selling Expense	9.94	10.84
TOTAL ADMINISTRATIVE & SELLING EXPENSE	18.93	18.95
OPERATING INCOME (LOSS)	4.86	13.01
Other Income & Expense		
Gross Proceeds - Scrap Sale	0.38	0.34
Other Income	0.71	0.73
Total Other Income	1.09	1.07
Interest Expense	1.57	0.73
Other Expense	1.03	2.25
Total Other Expense	2.60	2.98
Net Other Income (Expense)	-1.52	-1.91
Net Income (Loss) Before Taxes	3.35%	11.10%
Number of Companies	76	14
EMPLOYEES		
Percent Factory	70.32%	72.40%
Percent Administrative	13.65	13.18
Percent Sales	16.03	14.42

	All Firms	Leaders
BALANCE SHEET		
Current Assets		
Cash	6.03%	11.87%
Notes & Accts Receivable	26.86	30.49
Less Allow For Bad Debts	0.60	0.86
Net Receivables	26.27	29.63
Inventories		
Raw Materials	11.02	9.24
Finished Products	4.11	3.93
Work In Process	2.11	1.57
Other	0.37	0.41
Total Inventories[1]	18.20	15.15
Other Current Assets	2.42	3.89
Total Current Assets	52.93	60.54
Fixed Assets		
Real Estate	13.64	8.37
Less Allow For Depreciation	4.33	3.53
Net Real Estate	9.31	4.85
Machinery & Equipment	80.39	75.96
Less Allow For Depreciation	52.73	56.37
Net Machinery & Equipment	27.65	19.59
Other Fixed Assets	9.00	5.73
Less Allow For Depreciation	4.88	3.44
Net Other Fixed Assets	4.12	2.29
Total Fixed Assets	41.08	26.73
OTHER ASSETS	5.98	12.73
TOTAL ASSETS	100.00%	100.00%
Current Liabilities		
Notes Payable - Current	9.11%	3.55%
Accounts Payable	11.80	9.56
Other Current Liabilities	6.19	8.11
Total Current Liabilities	27.11	21.23
Long-Term Debt	21.03	9.23
Other Long-Term Liabilities	6.14	6.44
Total Long-Term Liabilities	27.17	15.67
Total Liabilities	54.27	36.90
Total Net Worth	45.73	63.10
TOTAL LIABILITIES & NET WORTH	100.00%	100.00%

[1]Inventory detail may not add to total since all companies did not provide inventory components.

	All Firms	Leaders
PROFITABILITY		
Gross Profit - % of Sales	23.8%	32.0%
Income Before Tax - % of Sales	3.4%	11.1%
Income Before Tax - % of Total Assets	6.8%	20.3%
Earnings Before Interest and Taxes - % of Total Assets	9.6%	20.6%
Income Before Tax - % of Net Worth	15.6%	35.3%
Cash Flow (ROI)	6.7%	15.4%
Return on Investment	4.4%	17.4%
ASSET PRODUCTIVITY		
Net Sales to Total Assets	2.1	2.1
Net Sales to Net Fixed Assets	5.2	8.1
Inventory Turnover	13.1X	16.8X
Days Raw Materials in Inventory	43 Days	40 Days
Collection Days of Accts Receivable	43 Days	45 Days
EMPLOYEE PRODUCTIVITY		
Sales/Gross Factory Investment	2.2	2.8
Sales/Factory Employee	$134,627	$158,912
Sales/Administrative Employee	$806,841	$1,077,019
Sales/Sales Employee	$672,344	$737,912
Sales/All Employees	$93,966	$121,754
Sales Less Mat/Factory Employee	$77,657	$93,590
PAYROLL		
Payroll Per Factory Employee	$24,116	$24,895
Payroll Per Administrative Employee	$33,597	$33,876
Payroll Per Sales Employee	$31,794	$35,200
Payroll Per Employee	$27,127	$28,547
Prepress - % of Factory Payroll	9.7%	9.0%
Press - % of Factory Payroll	27.8%	28.5%
Collator Oper - % of Factory Payroll	13.6%	16.3%
Gen Bindery - % of Factory Payroll	5.3%	4.9%
Overtimes Wages - % of Factory Payroll	3.6%	2.9%
Tax & Benefits Per Factory Employee	$5,385	$6,859
Tax & Benefits Per Admin Employee	$6,278	$6,936
Tax & Benefits Per Sales Employee	$5,338	$6,352
Tax & Benefits Per Employee	$5,330	$6,941
WORKING CAPITAL RATIOS		
Current Assets/Current Liabilities	2.2	3.5
Sales to Net Working Capital	7.3	5.8
Inventory to Net Working Capital	0.6	0.4
INVESTMENT ADEQUACY		
Net Worth - % of Fixed Assets	112.1%	234.5%
Avg Plant Investment Per Fact Employee	$67,730	$65,856
Current Liabilities to Net Worth	0.5	0.3
Long-term Debt to Net Worth	0.5	0.2
Total Liabilities to Net Worth	1.0	0.5
Net Sales to Net Worth	4.1	3.2

Sales Volume Groupings

	Company Size Under $3 Million	Leaders Under $3 Million	Company Size $3-8 Million	Leaders $3-8 Million
INCOME STATEMENT				
Value - Products Manufactured	90.16%	*	96.13%	*
Outside Purchases	9.84	*	3.87	*
Value of Production	100.00	*	100.00	*
Cost Of Production				
MATERIALS				
Paper	30.34	*	34.17	*
Carbon	1.70	*	2.32	*
Other	1.99	*	4.54	*
Outside Finished Products	7.06	*	3.16	*
Total Materials Used	41.08	*	44.19	*
FACTORY PAYROLL				
Supervisory Salaries	1.95	*	2.63	*
Direct Wages				
Prepress	2.46	*	2.59	*
Press	6.72	*	6.57	*
Collator Operators	3.07	*	2.71	*
General Bindery	1.73	*	1.59	*
Total Direct Wages	13.97	*	13.46	*
Direct Overtime Wages (MEMO)	0.64	*	0.77	*
General Factory Salary & Wages	1.19	*	1.84	*
Packing, Shipping & Delivery Wages	1.17	*	0.71	*
Payroll Taxes	1.73	*	1.74	*
Employee Benefits	2.11	*	2.28	*
Total Factory Payroll (excluding Direct Overtime Wages)	22.11	*	22.66	*
FACTORY FIXED EXPENSES				
Occupancy Expense	3.56	*	2.87	*
Insurance	0.64	*	0.42	*
Taxes	0.60	*	0.36	*
Depreciation	2.89	*	3.72	*
Total Factory Fixed Expenses	7.68	*	7.37	*
Other Factory Supplies & Expense	4.76	*	4.74	*
Total Factory Expense	12.44	*	12.11	*
Total Cost of Production	75.63	*	78.96	*
Gross Profit - Forms Manufacturing	24.37	*	21.04	*
OTHER OPERATIONS				
Value of Other Products & Services	0.00	*	1.64	*
Cost of Other Products & Services	0.00	*	1.19	*
Gross Profit - Other Products & Services	0.00	*	0.45	*
Total Gross Profit - All Operations	24.37%	*	21.49%	*

*Insufficient Data

Company Size $8-15 Million	Leaders $8-15 Million	Company Size $15-40 Million	Leaders $15-40 Million	Company Size Over $40 Million	Leaders Over $40 Million
95.91%	93.27%	92.82%	99.94%	95.82%	95.23%
4.09	6.73	7.18	0.06	4.18	4.77
100.00	100.00	100.00	100.00	100.00	100.00
35.09	32.91	34.45	34.91	34.28	34.10
2.55	1.97	1.99	1.09	4.68	1.33
2.37	1.71	2.95	2.57	2.68	2.37
3.41	5.85	5.82	0.12	2.85	3.70
43.42	42.44	45.20	38.70	44.49	41.50
2.39	1.37	1.91	1.53	1.53	1.91
2.23	2.40	2.40	2.27	1.40	1.67
6.34	5.96	6.38	7.03	4.93	5.14
3.29	3.21	2.47	2.24	2.29	3.56
1.13	0.71	1.16	1.06	0.85	0.91
12.99	12.27	12.42	12.60	9.47	11.28
1.01	0.66	1.17	1.27	0.57	0.49
2.11	2.50	1.92	2.14	2.62	2.26
0.96	0.68	1.14	1.33	0.97	0.74
1.53	1.29	1.44	1.01	1.33	1.41
2.70	2.52	2.43	3.19	2.35	2.58
22.68	20.63	21.26	21.80	18.27	20.18
2.24	2.49	2.50	2.21	1.45	1.42
0.40	0.29	0.45	0.42	0.18	0.12
0.51	0.54	0.49	0.27	0.42	0.37
3.29	3.33	2.78	3.27	2.73	2.65
6.44	6.66	6.22	6.17	4.79	4.56
5.40	5.43	4.63	5.07	4.84	3.85
11.84	12.09	10.85	11.23	9.63	8.41
77.94	75.16	77.31	71.73	72.39	70.09
22.06	24.84	22.69	28.27	27.61	29.91
7.21	25.51	1.35	0.00	1.23	2.54
3.98	13.55	0.96	0.00	1.03	2.18
3.23	11.97	0.39	0.00	0.20	0.36
25.29%	36.81%	23.08%	28.27%	27.80%	30.27%

	Company Size Under $3 Million	Leaders Under $3 Million	Company Size $3-8 Million	Leaders $3-8 Million
Administrative Expenses				
Executive Salaries	3.62%	*	2.97%	*
Office Salaries	3.09	*	2.82	*
Payroll Taxes	0.51	*	0.39	*
Employee Benefits	0.41	*	0.84	*
General Office Expense	3.29	*	2.95	*
Bad Debts	0.49	*	0.32	*
Total Administrative Expenses	11.42	*	10.28	*
Selling Expenses				
Executive Salaries	1.49	*	0.81	*
Salesperson Salaries & Commission	4.09	*	1.96	*
Sales - Clerical Salaries	1.13	*	1.66	*
Payroll Taxes	0.42	*	0.32	*
Employee Benefits	0.49	*	0.33	*
Travel & Entertainment	0.75	*	0.50	*
General Selling Expense	0.98	*	1.05	*
Shipping & Delivery Expense	0.99	*	0.34	*
Advertising	0.63	*	0.41	*
Total Selling Expense	10.95	*	7.39	*
TOTAL ADMINISTRATIVE & SELLING EXPENSE	22.37	*	17.67	*
OPERATING INCOME (LOSS)	2.01	*	3.82	*
Other Income & Expense				
Gross Proceeds - Scrap Sale	0.23	*	0.40	*
Other Income	0.12	*	1.11	*
Total Other Income	0.35	*	1.51	*
Interest Expense	1.46	*	1.70	*
Other Expense	0.12	*	1.09	*
Total Other Expense	1.57	*	2.79	*
Net Other Income (Expense)	-1.22	*	-1.29	*
Net Income (Loss) Before Taxes	0.79%	*	2.53%	*
Number of Companies	8	1	24	1
EMPLOYEES				
Percent Factory	66.44%	*	71.57%	*
Percent Administrative	18.72	*	14.04	*
Percent Sales	14.85	*	14.39	*

*Insufficient Data

Company Size $8-15 Million	Leaders $8-15 Million	Company Size $15-40 Million	Leaders $15-40 Million	Company Size Over $40 Million	Leaders Over $40 Million
2.07%	1.84%	2.10%	1.31%	1.15%	1.55%
2.38	2.34	1.61	2.28	2.26	1.86
0.30	0.19	0.21	0.12	0.25	0.26
0.63	0.70	0.49	1.06	0.53	0.50
2.47	2.44	2.82	3.16	2.70	2.04
0.32	0.48	0.23	0.14	0.41	0.34
8.16	7.97	7.46	8.07	7.31	6.56
0.71	0.58	1.22	0.96	0.69	0.30
3.79	5.35	3.52	4.75	6.71	6.32
1.45	1.34	1.99	1.11	1.19	1.97
0.29	0.20	0.37	0.12	0.50	0.45
0.53	0.74	0.45	0.27	0.73	0.55
0.63	0.99	0.61	0.19	0.69	0.35
1.44	2.52	1.91	0.84	2.47	2.26
0.86	1.59	0.30	0.00	1.70	1.30
0.43	0.42	0.47	0.46	0.24	0.21
10.11	13.74	10.85	8.71	14.92	13.72
18.27	21.71	18.31	16.77	22.23	20.28
7.02	15.10	4.77	11.50	5.57	9.99
0.40	0.44	0.47	0.63	0.26	0.00
0.53	0.35	0.63	1.37	0.73	0.96
0.93	0.79	1.10	1.99	0.99	0.96
1.44	0.34	1.77	1.41	1.28	0.40
1.77	4.89	0.49	0.14	0.84	0.00
3.21	5.23	2.26	1.55	2.12	0.40
-2.28	-4.44	-1.16	0.44	-1.13	0.56
4.74%	10.65%	3.61%	11.94%	4.45%	10.55%
21	6	14	3	9	3
72.59%	74.14%	71.37%	75.93%	63.63%	64.50%
11.86	10.03	12.13	13.54	14.70	14.81
15.56	15.83	16.50	10.54	21.68	20.69

	Company Size Under $3 Million	Leaders Under $3 Million	Company Size $3-8 Million	Leaders $3-8 Million
BALANCE SHEET				
Current Assets				
Cash	1.13%	*	10.16%	*
Notes & Accts Receivable	27.72	*	24.78	*
Less Allow For Bad Debts	0.56	*	0.49	*
Net Receivables	27.22	*	24.29	*
Inventories				
Raw Materials	15.38	*	11.71	*
Finished Products	0.94	*	2.30	*
Work In Process	1.43	*	2.08	*
Other	0.63	*	0.68	*
Total Inventories[1]	20.80	*	17.34	*
Other Current Assets	4.73	*	1.62	*
Total Current Assets	53.89	*	53.41	*
Fixed Assets				
Real Estate	12.72	*	13.40	*
Less Allow For Depreciation	3.43	*	4.36	*
Net Real Estate	9.29	*	9.03	*
Machinery & Equipment	75.68	*	83.45	*
Less Allow For Depreciation	44.75	*	53.77	*
Net Machinery & Equipment	30.94	*	29.68	*
Other Fixed Assets	6.92	*	10.10	*
Less Allow For Depreciation	4.26	*	5.25	*
Net Other Fixed Assets	2.66	*	4.84	*
Total Fixed Assets	42.89	*	43.55	*
OTHER ASSETS	3.22	*	3.03	*
TOTAL ASSETS	100.00%	*	100.00%	*
Current Liabilities				
Notes Payable - Current	12.82%	*	11.01%	*
Accounts Payable	12.85	*	12.53	*
Other Current Liabilities	4.17	*	4.88	*
Total Current Liabilities	29.84	*	28.43	*
Long-Term Debt	20.95	*	24.33	*
Other Long-Term Liabilities	6.67	*	2.60	*
Total Long-Term Liabilities	27.62	*	26.92	*
Total Liabilities	57.46	*	55.36	*
Total Net Worth	42.54	*	44.64	*
TOTAL LIABILITIES & NET WORTH	100.00%	*	100.00%	*

*Insufficient Data

[1]Inventory detail may not add to total since all companies did not provide inventory components.

Company Size $8-15 Million	Leaders $8-15 Million	Company Size $15-40 Million	Leaders $15-40 Million	Company Size Over $40 Million	Leaders Over $40 Million
6.96%	8.70%	2.88%	6.26%	2.34%	6.27%
27.97	31.07	28.21	32.77	27.21	25.86
0.64	0.85	0.52	0.09	0.95	1.14
27.33	30.22	27.69	32.67	26.27	24.72
11.31	10.15	8.43	6.80	8.72	7.66
3.94	4.11	5.51	1.33	9.89	8.64
1.87	1.40	2.98	0.73	1.92	2.10
0.27	0.95	1.00	0.00	-1.45	0.00
17.39	16.61	17.92	8.85	20.35	18.40
1.86	2.52	2.71	4.19	3.25	7.29
53.54	58.04	51.21	51.97	52.20	56.68
14.58	8.82	10.34	4.35	18.25	17.10
5.17	4.76	2.97	2.25	5.39	4.70
9.41	4.06	7.37	2.10	12.8[illegible]	12.40
92.98	111.44	68.73	48.29	67.96	54.85
67.08	88.00	43.37	30.02	41.37	37.17
25.90	23.44	25.36	18.27	26.60	17.68
10.29	6.34	10.05	9.70	3.55	1.64
6.48	4.65	4.31	2.99	1.89	1.29
3.80	1.69	5.73	6.71	1.66	0.35
39.12	29.20	38.47	27.08	41.12	30.43
7.34	12.76	10.33	20.95	6.68	12.89
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
9.16%	3.29%	7.27%	5.31%	3.52%	0.13%
11.75	9.39	11.00	3.84	10.29	9.73
6.38	8.32	9.06	8.45	6.61	6.46
27.29	21.01	27.33	17.60	20.41	16.31
18.60	2.26	21.52	20.38	16.68	5.30
4.42	9.73	10.43	8.29	12.03	1.85
23.02	11.99	31.95	28.67	28.71	7.14
50.31	32.99	59.28	46.27	49.12	23.46
49.69	67.01	40.72	53.73	50.88	76.54
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

	Company Size Under $3 Million	Leaders Under $3 Million	Company Size $3-8 Million	Leaders $3-8 Million
PROFITABILITY				
Gross Profit - % of Sales	24.4%	*	21.5%	*
Income Before Tax - % of Sales	0.8%	*	2.5%	*
Income Before Tax - % of Total Assets	2.4%	*	5.0%	*
Earnings Before Interest and Taxes - % of Total Assets	6.6%	*	7.9%	*
Income Before Tax - % of Net Worth	4.0%	*	10.0%	*
Cash Flow (ROI)	4.7%	*	6.1%	*
Return on Investment	1.2%	*	2.9%	*
ASSET PRODUCTIVITY				
Net Sales to Total Assets	2.0	*	2.1	*
Net Sales to Net Fixed Assets	7.7	*	4.5	*
Inventory Turnover	8.9X	*	13.3X	*
Days Raw Materials in Inventory	66 Days	*	45 Days	*
Collection Days of Accts Receivable	46 Days	*	41 Days	*
EMPLOYEE PRODUCTIVITY				
Sales/Gross Factory Investment	1.9	*	2.0	*
Sales/Factory Employee	$125,425	*	$115,784	*
Sales/Administrative Employee	$481,197	*	$679,958	*
Sales/Sales Employee	$607,384	*	$682,440	*
Sales/All Employees	$86,945	*	$86,193	*
Sales Less Mat/Factory Employee	$74,352	*	$66,908	*
PAYROLL				
Payroll Per Factory Employee	$22,339	*	$20,825	*
Payroll Per Administrative Employee	$28,925	*	$34,904	*
Payroll Per Sales Employee	$39,060	*	$27,204	*
Payroll Per Employee	$25,978	*	$23,975	*
Prepress - % of Factory Payroll	10.9%	*	10.2%	*
Press - % of Factory Payroll	28.9%	*	28.1%	*
Collator Oper - % of Factory Payroll	13.4%	*	12.8%	*
Gen Bindery - % of Factory Payroll	8.9%	*	6.1%	*
Overtimes Wages - % of Factory Payroll	2.0%	*	4.2%	*
Tax & Benefits Per Factory Employee	$4,700	*	$4,188	*
Tax & Benefits Per Admin Employee	$4,151	*	$6,491	*
Tax & Benefits Per Sales Employee	$4,736	*	$4,294	*
Tax & Benefits Per Employee	$4,520	*	$4,655	*
WORKING CAPITAL RATIOS				
Current Assets/Current Liabilities	2.4	*	2.0	*
Sales to Net Working Capital	5.6	*	6.4	*
Inventory to Net Working Capital	0.5	*	0.5	*
INVESTMENT ADEQUACY				
Net Worth - % of Fixed Assets	117.2%	*	93.8%	*
Avg Plant Investment Per Fact Employee	$63,098	*	$58,955	*
Current Liabilities to Net Worth	0.6	*	0.5	*
Long-term Debt to Net Worth	0.6	*	0.5	*
Total Liabilities to Net Worth	1.4	*	1.1	*
Net Sales to Net Worth	6.2	*	4.1	*

*Insufficient Data

Company Size $8-15 Million	Leaders $8-15 Million	Company Size $15-40 Million	Leaders $15-40 Million	Company Size Over $40 Million	Leaders Over $40 Million
25.3%	36.8%	23.1%	28.3%	27.8%	30.3%
4.7%	10.7%	3.6%	11.9%	4.5%	10.6%
10.7%	27.8%	8.9%	18.2%	6.1%	18.6%
13.2%	28.0%	10.7%	19.1%	7.7%	19.3%
22.9%	49.8%	15.4%	27.3%	16.9%	24.2%
9.5%	18.4%	7.4%	14.5%	7.5%	13.1%
6.2%	18.8%	6.0%	16.1%	4.3%	13.5%
2.3	2.8	2.0	1.4	2.3	1.8
6.5	9.9	4.9	5.9	5.3	7.1
14.6X	22.0X	13.2X	14.9X	11.1X	12.2X
40 Days	36 Days	36 Days	46 Days	31 Days	38 Days
40 Days	36 Days	48 Days	68 Days	43 Days	49 Days
2.3	2.6	2.3	2.3	2.6	2.7
$129,447	$154,446	$142,274	$144,113	$191,900	$198,025
$862,091	$1,193,869	$989,679	$918,956	$965,731	$908,810
$746,246	$950,604	$619,130	*	$672,344	$605,873
$104,334	$122,888	$97,272	$88,183	$120,692	$126,581
$78,749	$85,928	$74,210	$92,724	$107,742	$108,959
$24,786	$25,078	$25,012	$23,766	$28,332	$31,751
$38,052	$45,100	$33,453	$29,526	$33,778	$34,156
$30,175	$27,437	$40,354	*	$44,885	$52,780
$28,210	$28,301	$28,508	$32,614	$31,697	$34,610
8.9%	11.8%	12.0%	9.8%	8.4%	8.4%
28.1%	28.5%	27.4%	27.0%	26.8%	26.3%
14.5%	16.4%	14.1%	*	10.7%	13.4%
4.6%	4.9%	5.0%	*	5.2%	3.2%
3.7%	2.6%	6.7%	3.1%	4.4%	0.0%
$5,509	$7,267	$5,521	$5,558	$6,551	$7,753
$6,843	$10,320	$6,664	*	$5,511	$5,807
$5,671	$7,351	$5,923	*	$6,019	$6,019
$5,773	$8,378	$5,850	*	$6,444	$6,944
2.0	2.9	2.2	3.4	2.9	3.8
7.3	7.3	9.1	3.5	7.3	4.5
0.6	0.5	0.7	0.2	0.7	0.4
137.4%	234.5%	110.6%	180.8%	138.7%	258.4%
$64,859	$65,856	$71,527	$49,435	$87,318	$72,401
0.6	0.3	0.5	0.4	0.3	0.2
0.4	*	0.4	0.5	0.4	*
1.2	0.4	0.9	1.1	0.5	0.3
5.4	4.6	3.5	2.2	2.9	2.4

Direct Distribution

	Primary Channel Direct	Leaders	Direct/ Continuous Custom	Direct Mixed	Leaders
INCOME STATEMENT					
Value - Products Manufactured	87.38%	94.00%	*	87.11%	94.00%
Outside Purchases	12.62	6.00	*	12.89	6.00
Value of Production	100.00	100.00	*	100.00	100.00
Cost Of Production					
MATERIALS					
Paper	27.33	33.74	*	26.73	33.74
Carbon	2.66	0.85	*	2.72	0.85
Other	3.45	2.03	*	3.71	2.03
Outside Finished Products	9.51	4.37	*	9.58	4.37
Total Materials Used	42.95	40.99	*	42.75	40.99
FACTORY PAYROLL -					
Supervisory Salaries	1.81	1.32	*	1.82	1.32
Direct Wages					
Prepress	1.96	1.95	*	1.92	1.95
Press	5.42	5.89	*	5.20	5.89
Collator Operators	2.27	1.61	*	2.24	1.61
General Bindery	1.24	0.74	*	1.31	0.74
Total Direct Wages	10.89	10.19	*	10.68	10.19
Direct Overtime Wages (MEMO)	0.76	1.01	*	0.77	1.01
General Factory Salary & Wages	2.28	2.99	*	2.33	2.99
Packing, Shipping & Delivery Wages	0.88	1.03	*	0.95	1.03
Payroll Taxes	1.22	0.76	*	1.19	0.76
Employee Benefits	2.02	2.71	*	2.07	2.71
Total Factory Payroll (excluding Direct Overtime Wages)	19.10	18.99	*	19.04	18.99
FACTORY FIXED EXPENSES					
Occupancy Expense	2.42	1.65	*	2.36	1.65
Insurance	0.26	0.23	*	0.24	0.23
Taxes	0.43	0.49	*	0.40	0.49
Depreciation	2.76	2.89	*	2.71	2.89
Total Factory Fixed Expenses	5.88	5.26	*	5.71	5.26
Other Factory Supplies & Expense	4.74	5.16	*	4.40	5.16
Total Factory Expense	10.62	10.42	*	10.11	10.42
Total Cost of Production	72.66	70.40	*	71.89	70.40
Gross Profit - Forms Manufacturing	27.34	29.60	*	28.11	29.60
OTHER OPERATIONS					
Value of Other Products & Services	7.83	26.80	*	8.58	26.80
Cost of Other Products & Services	4.77	14.51	*	5.23	14.51
Gross Profit - Other Products & Services	3.06	12.29	*	3.35	12.29
Total Gross Profit - All Operations	30.40%	41.89%	*	31.46%	41.89%

*Insufficient Data

	Primary Channel Direct	Leaders	Direct/ Continuous Custom	Direct Mixed	Leaders
Administrative Expenses					
Executive Salaries	1.68%	1.15%	*	1.68%	1.15%
Office Salaries	2.92	2.96	*	2.91	2.96
Payroll Taxes	0.32	0.10	*	0.31	0.10
Employee Benefits	0.78	1.05	*	0.82	1.05
General Office Expense	2.76	3.17	*	2.75	3.17
Bad Debts	0.31	0.43	*	0.32	0.43
Total Administrative Expenses	8.78	8.86	*	8.79	8.86
Selling Expenses					
Executive Salaries	1.29	0.50	*	1.29	0.50
Salesperson Salaries & Commission	8.46	10.57	*	8.64	10.57
Sales - Clerical Salaries	1.31	1.09	*	1.38	1.09
Payroll Taxes	0.55	0.19	*	0.55	0.19
Employee Benefits	0.66	0.62	*	0.74	0.96
General Selling Expense	2.32	2.96	*	2.44	2.96
Shipping & Delivery Expense	1.14	1.90	*	1.05	1.90
Advertising	0.25	0.24	*	0.24	0.24
Total Selling Expense	16.75	19.03	*	16.99	19.03
TOTAL ADMINISTRATIVE & SELLING EXPENSE	25.53	27.89	*	25.78	27.89
OPERATING INCOME (LOSS)	4.87	14.00	*	5.68	14.00
Other Income & Expense					
Gross Proceeds - Scrap Sale	0.28	0.31	*	0.26	0.31
Other Income	0.51	0.76	*	0.54	0.76
Total Other Income	0.79	1.07	*	0.80	1.07
Interest Expense	1.29	0.77	*	1.22	0.77
Other Expense	1.28	3.22	*	1.39	3.22
Total Other Expense	2.57	4.00	*	2.60	4.00
Net Other Income (Expense)	-1.78	-2.92	*	-1.80	-2.92
Net Income (Loss) Before Taxes	3.09%	11.07%	*	3.88%	11.07%
Number of Companies	24	5	3	20	5
EMPLOYEES					
Percent Factory	61.75%	65.50%	57.34%	62.88%	65.50%
Percent Administrative	14.00	14.59	15.97	13.43	14.59
Percent Sales	24.25	19.91	26.68	23.69	19.91

*Insufficient Data

	Primary Channel Direct	Leaders	Direct/ Continuous Custom	Direct Mixed	Leaders
BALANCE SHEET					
Current Assets					
Cash	3.64%	3.92%	-4.60%	4.87%	3.92%
Notes & Accts Receivable	31.78	35.40	23.21	33.02	35.40
Less Allow For Bad Debts	0.60	0.80	0.22	0.70	0.80
Net Receivables	31.17	34.60	22.99	32.32	34.60
Inventories					
Raw Materials	9.13	7.73	6.10	9.36	7.73
Finished Products	9.75	10.27	5.89	10.20	10.27
Work In Process	2.77	2.08	2.20	3.01	2.08
Other	-0.01	0.00	0.58	-0.11	0.00
Total Inventories[1]	22.48	20.08	21.27	22.46	20.08
Other Current Assets	1.79	2.67	0.74	2.02	2.67
Total Current Assets	59.09	61.27	40.39	61.67	61.27
Fixed Assets					
Real Estate	10.29	6.17	0.00	11.50	6.17
Less Allow For Depreciation	2.97	1.78	0.00	3.07	1.78
Net Real Estate	7.32	4.39	0.00	8.43	4.39
Machinery & Equipment	69.[illegible]	52.83	59.73	71.76	52.83
Less Allow For Depreciation	44.54	33.67	16.73	49.94	33.67
Net Machinery & Equipment	24.53	19.15	43.00	21.82	19.15
Other Fixed Assets	9.12	8.91	16.98	7.97	8.91
Less Allow For Depreciation	4.26	3.66	1.31	4.75	3.66
Net Other Fixed Assets	4.85	5.25	15.68	3.23	5.25
Total Fixed Assets	36.70	28.80	58.67	33.48	28.80
OTHER ASSETS	4.21	9.92	0.94	4.85	9.92
TOTAL ASSETS	100.00%	100.00%	100.00%	100.00%	100.00%
Current Liabilities					
Notes Payable - Current	9.23%	2.87%	30.88%	5.44%	2.87%
Accounts Payable	9.83	6.99	7.76	9.96	6.99
Other Current Liabilities	8.02	9.19	3.62	8.88	9.19
Total Current Liabilities	27.08	19.04	42.26	24.29	19.04
Long-Term Debt	16.63	10.71	32.14	13.51	10.71
Other Long-Term Liabilities	7.55	12.74	0.00	9.14	12.74
Total Long-Term Liabilities	24.18	23.45	32.14	22.65	23.45
Total Liabilities	51.26	42.49	74.39	46.94	42.49
Total Net Worth	48.74	57.51	25.61	53.06	57.51
TOTAL LIABILITIES & NET WORTH	100.00%	100.00%	100.00%	100.00%	100.00%

[1]Inventory detail may not add to total since all companies did not provide inventory components.

	Primary Channel Direct	Leaders	Direct/ Continuous Custom	Direct Mixed	Leaders
PROFITABILITY					
Gross Profit - % of Sales	30.4%	41.9%	*	31.5%	41.9%
Income Before Tax - % of Sales	3.1%	11.1%	*	3.9%	11.1%
Income Before Tax - % of Total Assets	6.4%	19.9%	-4.4%	7.6%	19.9%
Earnings Before Interest and Taxes - % of Total Assets	8.8%	19.9%	2.3%	10.0%	19.9%
Income Before Tax - % of Net Worth	14.2%	24.2%	-15.4%	18.2%	24.2%
Cash Flow (ROI)	6.2%	13.1%	0.6%	6.5%	13.1%
Return on Investment	4.0%	13.2%	-4.4%	5.0%	13.2%
ASSET PRODUCTIVITY					
Net Sales to Total Assets	2.1	1.6	1.3	2.3	1.6
Net Sales to Net Fixed Assets	5.9	7.1	1.7	5.9	7.1
Inventory Turnover	9.5X	12.2X	6.8X	9.8X	12.2X
Days Raw Materials in Inventory	40 Days	46 Days	*	38 Days	46 Days
Collection Days of Accts Receivable	50 Days	57 Days	58 Days	50 Days	57 Days
EMPLOYEE PRODUCTIVITY					
Sales/Gross Factory Investment	2.4	2.7	1.7	2.4	2.7
Sales/Factory Employee	$162,912	$174,617	$162,387	$162,618	$174,617
Sales/Administrative Employee	$887,437	$908,810	$746,809	$917,477	$908,810
Sales/Sales Employee	$425,815	$486,510	$313,178	$425,815	$486,510
Sales/All Employees	$99,674	$126,581	$91,853	$101,580	$126,581
Sales Less Mat/Factory Employee	$93,859	$105,455	$86,785	$93,859	$105,455
PAYROLL					
Payroll Per Factory Employee	$26,624	$23,766	$24,365	$27,234	$23,766
Payroll Per Administrative Employee	$32,571	$33,597	$22,561	$33,846	$33,597
Payroll Per Sales Employee	$43,815	$56,950	$31,789	$47,677	$56,950
Payroll Per Employee	$31,536	$32,614	$25,647	$32,401	$32,614
Prepress - % of Factory Payroll	9.9%	9.8%	*	9.7%	9.8%
Press - % of Factory Payroll	27.2%	27.0%	*	27.1%	27.0%
Collator Oper - % of Factory Payroll	12.3%	11.2%	*	12.0%	11.2%
Gen Bindery - % of Factory Payroll	5.2%	4.2%	*	5.3%	4.2%
Overtimes Wages - % of Factory Payroll	3.3%	2.6%	3.3%	2.6%	2.6%
Tax & Benefits Per Factory Employee	$4,985	$7,753	$4,378	$5,239	$7,753
Tax & Benefits Per Admin Employee	$6,373	$8,259	$3,814	$6,520	$8,259
Tax & Benefits Per Sales Employee	$5,464	$4,773	$4,229	$5,609	$4,773
Tax & Benefits Per Employee	$5,330	$7,884	$4,303	$5,646	$7,884
WORKING CAPITAL RATIOS					
Current Assets/Current Liabilities	2.5	3.4	0.8	2.9	3.4
Sales to Net Working Capital	5.7	4.5	-2.7	6.2	4.5
Inventory to Net Working Capital	0.6	0.5	-0.4	0.6	0.5
INVESTMENT ADEQUACY					
Net Worth - % of Fixed Assets	148.7%	183.6%	42.0%	161.3%	183.6%
Avg Plant Investment Per Fact Employee	$73,270	$67,933	$94,313	$71,858	$67,933
Current Liabilities to Net Worth	0.5	0.4	1.4	0.4	0.4
Long-term Debt to Net Worth	0.5	0.5	1.2	0.3	0.5
Total Liabilities to Net Worth	1.0	1.1	2.5	0.7	1.1
Net Sales to Net Worth	4.0	2.8	6.4	3.8	2.8

*Insufficient Data

Indirect Distribution

	Primary Channel Indirect	Leaders	Direct/ Continuous Custom	Leaders	Indirect Mixed
INCOME STATEMENT					
Value - Products Manufactured	98.96%	97.67%	99.13%	96.90%	98.62%
Outside Purchases	1.04	2.33	0.87	3.10	1.38
Value of Production	100.00	100.00	100.00	100.00	100.00
Cost Of Production					
MATERIALS					
Paper	37.41	35.42	37.03	35.68	36.57
Carbon	2.37	1.93	2.06	1.89	2.74
Other	3.00	2.19	2.26	2.63	3.94
Outside Finished Products	1.08	2.40	1.06	3.20	1.23
Total Materials Used	43.86	41.94	42.42	43.39	44.49
FACTORY PAYROLL					
Supervisory Salaries	2.44	1.99	2.27	1.81	2.58
Direct Wages					
Prepress	2.55	2.17	2.35	1.83	2.92
Press	6.75	6.14	6.85	5.57	6.74
Collator Operators	3.14	4.04	3.14	3.91	3.09
General Bindery	1.40	0.78	1.12	1.03	1.73
Total Direct Wages	13.83	13.13	13.46	12.34	14.48
Direct Overtime Wages (MEMO)	0.94	0.60	0.90	0.71	1.05
General Factory Salary & Wages	1.84	1.51	2.27	1.84	1.47
Packing, Shipping & Delivery Wages	0.95	0.99	0.66	0.39	1.13
Payroll Taxes	1.76	1.76	1.74	1.64	1.79
Employee Benefits	2.64	2.37	2.81	2.67	2.57
Total Factory Payroll (excluding Direct Overtime Wages)	23.46	21.75	23.22	20.68	24.02
FACTORY FIXED EXPENSES					
Occupancy Expense	2.70	2.63	2.60	2.36	2.91
Insurance	0.50	0.36	0.39	0.24	0.59
Taxes	0.49	0.39	0.45	0.41	0.53
Depreciation	3.51	3.04	3.73	3.15	3.58
Total Factory Fixed Expenses	7.19	6.42	7.17	6.16	7.61
Other Factory Supplies & Expense	5.06	4.08	5.05	3.49	5.26
Total Factory Expense	12.25	10.49	12.22	9.65	12.86
Total Cost of Production	79.58	74.18	77.86	73.72	81.38
Gross Profit - Forms Manufacturing	20.42	25.82	22.14	26.28	18.62
OTHER OPERATIONS					
Value of Other Products & Services	0.70	0.15	0.21	0.20	1.33
Cost of Other Products & Services	0.41	0.22	0.18	0.29	0.71
Gross Profit - Other Products & Services	0.29	-0.06	0.03	-0.09	0.62
Total Gross Profit - All Operations	20.72%	25.76%	22.17%	26.28%	19.25%

	Primary Channel Indirect	Leaders	Direct/ Continuous Custom	Leaders	Indirect Mixed
Administrative Expenses					
Executive Salaries	2.88%	2.62%	2.79%	2.00%	2.85%
Office Salaries	2.20	1.57	2.21	1.31	2.31
Payroll Taxes	0.34	0.38	0.33	0.28	0.33
Employee Benefits	0.58	0.51	0.54	0.51	0.64
General Office Expense	2.85	2.22	2.83	2.08	2.92
Bad Debts	0.35	0.35	0.35	0.22	0.32
Total Administrative Expenses	9.20	7.64	9.04	6.40	9.37
Selling Expenses					
Executive Salaries	0.75	0.58	0.76	0.48	0.74
Salesperson Salaries & Commission	1.11	0.99	0.79	0.93	1.42
Sales - Clerical Salaries	1.72	1.42	2.27	1.89	1.31
Payroll Taxes	0.25	0.25	0.30	0.30	0.21
Employee Benefits	0.39	0.42	0.47	0.53	0.30
Travel & Entertainment	0.54	0.46	0.43	0.33	0.66
General Selling Expense	1.07	0.91	1.23	1.10	0.97
Shipping & Delivery Expense	0.43	0.30	0.46	0.40	0.38
Advertising	0.52	0.39	0.57	0.42	0.50
Total Selling Expense	6.78	5.72	7.28	6.38	6.48
TOTAL ADMINISTRATIVE & SELLING EXPENSE	15.98	13.36	16.32	12.78	15.85
OPERATING INCOME (LOSS)	4.74	12.40	5.85	13.41	3.39
Other Income & Expense					
Gross Proceeds - Scrap Sale	0.42	0.35	0.38	0.33	0.46
Other Income	0.80	0.72	0.60	0.92	1.13
Total Other Income	1.22	1.07	0.98	1.24	1.59
Interest Expense	1.70	0.71	2.01	0.71	1.30
Other Expense	0.93	1.64	0.77	2.18	1.22
Total Other Expense	2.63	2.34	2.78	2.89	2.52
Net Other Income (Expense)	-1.41	-1.28	-1.80	-1.65	-0.94
Net Income (Loss) Before Taxes	3.33%	11.12%	4.05%	11.76%	2.46%
Number of Companies	49	9	24	7	22
EMPLOYEES					
Percent Factory	74.42%	76.23%	73.55%	75.33%	75.59%
Percent Administrative	13.51	12.40	13.01	10.88	13.63
Percent Sales	12.07	11.37	13.44	13.79	10.78

	Primary Channel Indirect	Leaders	Direct/ Continuous Custom	Leaders	Indirect Mixed
BALANCE SHEET					
Current Assets					
Cash	7.18%	16.29%	8.32%	18.02%	5.91%
Notes & Accts Receivable	24.81	27.76	22.56	22.75	26.33
Less Allow For Bad Debts	0.62	0.90	0.50	0.59	0.63
Net Receivables	24.20	26.86	22.06	22.16	25.72
Inventories					
Raw Materials	11.75	10.07	11.17	8.24	12.11
Finished Products	1.57	0.41	1.01	0.53	1.70
Work In Process	1.81	1.29	1.34	1.01	2.23
Other	0.51	0.63	0.39	0.81	0.70
Total Inventories[1]	16.16	12.41	13.90	10.59	17.88
Other Current Assets	2.42	4.57	2.86	4.85	1.86
Total Current Assets	49.96	60.13	47.14	55.63	51.36
Fixed Assets					
Real Estate	14.90	9.60	17.45	12.34	12.76
Less Allow For Depreciation	4.91	4.50	5.30	5.78	4.89
Net Real Estate	9.99	5.10	12.16	6.56	7.87
Machinery & Equipment	86.73	88.81	90.92	98.35	87.96
Less Allow For Depreciation	57.51	68.98	61.95	79.73	57.61
Net Machinery & Equipment	29.22	19.83	28.97	18.61	30.34
Other Fixed Assets	8.98	3.96	8.38	5.09	10.33
Less Allow For Depreciation	5.18	3.31	5.75	4.26	4.99
Net Other Fixed Assets	3.80	0.65	2.63	0.83	5.34
Total Fixed Assets	43.01	25.58	43.76	26.01	43.55
OTHER ASSETS	7.03	14.29	9.10	18.37	5.09
TOTAL ASSETS	100.00%	100.00%	100.00%	100.00%	100.00%
Current Liabilities					
Notes Payable - Current	9.49%	3.93%	9.90%	3.02%	9.08%
Accounts Payable	12.95	11.00	11.98	8.59	13.28
Other Current Liabilities	5.53	7.52	4.48	7.05	6.30
Total Current Liabilities	27.98	22.44	26.37	18.66	28.66
Long-Term Debt	22.95	8.41	24.49	8.16	19.58
Other Long-Term Liabilities	5.69	2.93	4.96	3.58	6.83
Total Long-Term Liabilities	28.64	11.35	29.45	11.74	26.41
Total Liabilities	56.62	33.79	55.82	30.40	55.07
Total Net Worth	43.38	66.21	44.18	69.60	44.93
TOTAL LIABILITIES & NET WORTH	100.00%	100.00%	100.00%	100.00%	100.00%

[1]Inventory detail may not add to total since all companies did not provide inventory components.

	Primary Channel Indirect	Leaders	Direct/ Continuous Custom	Leaders	Indirect Mixed
PROFITABILITY					
Gross Profit - % of Sales	20.7%	25.8%	22.2%	26.2%	19.3%
Income Before Tax - % of Sales	3.3%	11.1%	4.1%	11.8%	2.5%
Income Before Tax - % of Total Assets	6.5%	31.5%	6.7%	19.3%	5.0%
Earnings Before Interest and Taxes - % of Total Assets	9.3%	35.3%	11.6%	20.6%	8.6%
Income Before Tax - % of Net Worth	15.8%	43.3%	20.9%	27.3%	10.6%
Cash Flow (ROI)	6.9%	19.3%	8.7%	15.4%	6.0%
Return on Investment	4.2%	20.3%	4.8%	17.3%	2.9%
ASSET PRODUCTIVITY					
Net Sales to Total Assets	2.1	2.5	1.9	2.3	2.2
Net Sales to Net Fixed Assets	4.9	11.7	4.7	11.2	4.8
Inventory Turnover	14.6X	21.3X	14.7X	21.3X	13.9X
Days Raw Materials in Inventory	43 Days	37 Days	44 Days	35 Days	43 Days
Collection Days of Accts Receivable	40 Days	43 Days	38 Days	30 Days	43 Days
EMPLOYEE PRODUCTIVITY					
Sales/Gross Factory Investment	2.0	3.0	1.9	2.3	2.0
Sales/Factory Employee	$122,736	$148,864	$126,213	$168,961	$122,558
Sales/Administrative Employee	$762,892	$1,121,586	$811,009	$1,171,195	$728,501
Sales/Sales Employee	$819,837	$948,970	$742,591	$819,837	$1,015,395
Sales/All Employees	$92,447	$116,928	$92,717	$128,848	$92,314
Sales Less Mat/Factory Employee	$68,577	$92,983	$70,284	$94,196	$67,676
PAYROLL					
Payroll Per Factory Employee	$23,930	$25,037	$24,031	$25,402	$22,961
Payroll Per Administrative Employee	$33,951	$34,156	$33,143	$34,156	$38,464
Payroll Per Sales Employee	$27,202	$27,437	$26,874	$24,699	$26,199
Payroll Per Employee	$25,658	$28,210	$26,391	$28,210	$23,266
Prepress - % of Factory Payroll	9.6%	8.9%	9.3%	8.8%	10.0%
Press - % of Factory Payroll	27.9%	29.3%	29.5%	28.3%	27.7%
Collator Oper - % of Factory Payroll	14.2%	17.3%	14.2%	17.3%	14.0%
Gen Bindery - % of Factory Payroll	5.6%	4.9%	4.5%	4.9%	7.7%
Overtimes Wages - % of Factory Payroll	3.6%	3.1%	3.4%	3.1%	4.6%
Tax & Benefits Per Factory Employee	$5534	$6551	$5700	$7166	$5005
Tax & Benefits Per Admin Employee	$6240	$6509	$6509	$7364	$5730
Tax & Benefits Per Sales Employee	$4985	$7351	$5482	$7008	$4294
Tax & Benefits Per Employee	$5649	$6444	$5975	$6938	$5237
WORKING CAPITAL RATIOS					
Current Assets/Current Liabilities	2.0	3.7	1.9	3.8	2.0
Sales to Net Working Capital	8.4	7.3	7.3	6.3	9.5
Inventory to Net Working Capital	0.7	0.3	0.5	0.3	0.7
INVESTMENT ADEQUACY					
Net Worth - % of Fixed Assets	98.5%	252.5%	87.4%	252.5%	106.1%
Avg Plant Investment Per Fact Employee	$60,603	$57,544	$61,029	$67,730	$67,082
Current Liabilities to Net Worth	0.5	0.3	0.4	0.3	0.5
Long-term Debt to Net Worth	0.5	0.2	0.5	0.2	0.5
Total Liabilities to Net Worth	1.1	0.4	1.0	0.4	1.2
Net Sales to Net Worth	5.1	4.0	4.7	3.1	5.0

Cost of Production Analysis

Traditionally, all income statement items are expressed as a percent of sales for comparison purposes. However, costs can also be related to other bases and can be quite informative.

The statistics in this section of the report are all expressed as a percent of production cost. Therefore, total production cost is equal to 100, and its components are expressed as percentages of that total.

The following table provides a breakdown of all production costs as a percent of the total for various groupings of companies (sales volume, primary product, distribution channel, etc.).

Cost of Production

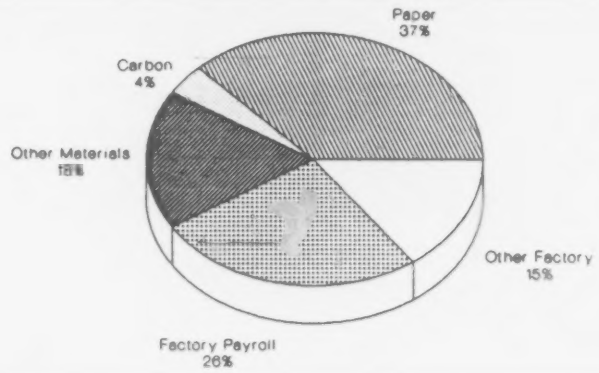
	Paper	Carbon	Other	Total Material	Factory Payroll	Other Factory Expense	Total
All Firms	43.8%	3.3%	9.6%	56.7%	28.4%	14.9%	100.0%
Leaders	47.7	2.0	7.2	56.9	28.7	14.4	100.0
By Company Size							
Less than $3 Million	40.2	2.2	11.7	54.1	29.5	16.4	100.0
$3-8 Million	43.3	2.9	9.9	56.1	28.6	15.3	100.0
$8-15 Million	44.9	3.2	7.7	55.8	29.0	15.2	100.0
$15-40 Million	44.1	2.6	11.6	58.3	27.7	14.0	100.0
Over $40 Million	45.8	7.3	7.8	60.8	25.7	13.5	100.0
By Channel							
Direct	37.4	3.9	17.6	58.9	26.5	14.6	100.0
Indirect	47.0	2.9	5.1	55.0	29.6	15.4	100.0
Combination	40.3	3.6	21.7	65.6	23.6	10.8	100.0
By Primary Product							
Continuous Custom			Insufficient Data				
Unit Sets			Insufficient Data				
Mixed Products	37.0	4.0	18.2	59.3	26.6	14.1	100.0
Indirect							
Continuous Custom	47.6	2.6	4.3	54.5	29.8	15.7	100.0
Unit Sets			Insufficient Data				
Mixed Products	44.9	3.4	6.4	54.6	29.6	15.8	100.0

There are obviously some significant points about this table:

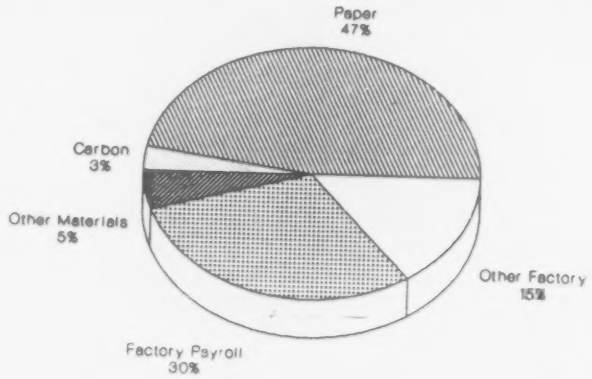
- Material costs, especially paper, comprise a higher proportion of production costs for larger companies. Factory payroll and other factory expenses decline as company size increases.

- There is a great deal of difference in the production cost distribution among companies using various channels of distribution. See graphs below:

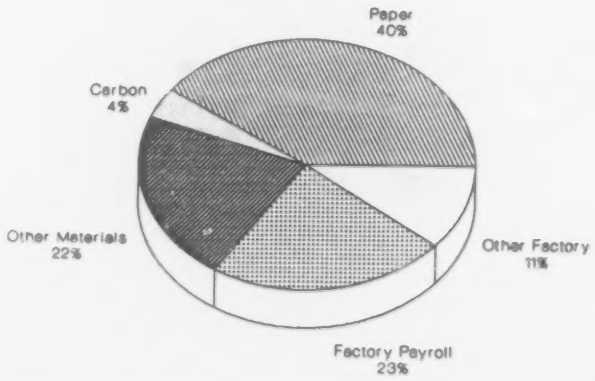
Direct Distribution



Indirect Distribution



Combination



Value Added Analysis

Value added is simply the difference between what a company sells and what it pays for materials. In 1990 this amounted to about 56 cents of each sales dollar. This amount is then available to pay salaries and wages and other expenses of doing business and, hopefully, leave something for profits.

It is useful to express expenses as a percent of value added as well as a percent of sales. This is because expenses are paid out of value added dollars, not sales dollars, and value added as a percent of sales can vary widely among firms. Below is a highly summarized composite income statement for companies responding to this year's survey, with entries expressed as a percent of value added.

Sales	100.0%	
Materials	43.9	
Value Added	56.1	100.0%
Factory Payroll		39.1
Factory Expense		20.8
Other Operations		(1.9)
Administrative Expense		16.0
Selling Expense		17.6
Operating Profit		8.4%

The tables in the remainder of this section present detailed expense data for numerous groupings of companies. All entries are expressed as a percent of value added.

	All Firms	Leaders
VALUE ADDED ANALYSIS		
FACTORY PAYROLL		
Supervisory Salaries	4.00%	2.95%
Direct Wages		
Prepress	4.12	3.53
Press	11.36	10.43
Collator Operators	4.99	5.20
General Bindery	2.34	1.26
Total Direct Wages	22.81	20.42
Direct Overtime Wages (MEMO)	1.62	1.36
General Factory Salary & Wages	3.45	3.54
Packing, Shipping & Delivery Wages	1.69	1.71
Payroll Taxes	2.84	2.39
Employee Benefits	4.32	4.38
Total Factory Payroll *	39.11	35.39
FACTORY FIXED EXPENSES		
Occupancy Expense	4.54	3.93
Insurance	0.75	0.52
Taxes	0.83	0.72
Depreciation	5.84	5.23
Total Factory Fixed Expenses	11.96	10.41
Other Factory Supplies & Expense	8.82	7.72
Total Factory Expense	20.78	18.12
Gross Profit - Forms Manufacturing	40.11	46.49
OTHER OPERATIONS		
Value of Other Products & Services	4.99	16.85
Cost of Other Products & Services	3.09	9.34
Gross Profit - Other Products & Services	1.90	7.51
Total Gross Profit - All Operations	42.01%	54.00%

*Excluding Direct Overtime Wages

	All Firms	Leaders
Administrative Expenses		
Executive Salaries	4.39%	3.46%
Office Salaries	4.31	3.47
Payroll Taxes	0.59	0.47
Employee Benefits	1.12	1.20
General Office Expense	5.01	4.40
Bad Debts	0.59	0.65
Total Administrative Expenses	16.01	13.65
Selling Expenses		
Executive Salaries	1.65	0.90
Salesperson Salaries & Commission	6.16	7.75
Sales - Clerical Salaries	2.74	2.17
Payroll Taxes	0.63	0.41
Employee Benefits	0.83	0.87
Travel & Entertainment	1.06	1.07
General Selling Expense	2.55	2.81
Shipping & Delivery Expense	1.21	1.46
Advertising	0.77	0.56
Total Selling Expense	17.60	18.00
TOTAL ADMINISTRATIVE & SELLING EXPENSE	33.61	31.65
OPERATING INCOME (LOSS)	8.40	22.35
Other Income & Expense		
Gross Proceeds - Scrap Sale	0.69	0.61
Other Income	1.26	1.29
Total Other Income	1.95	1.90
Interest Expense	2.89	1.23
Other Expense	1.85	3.82
Total Other Expense	4.74	5.05
Net Other Income (Expense)	-2.79	-3.16
Net Income (Loss) Before Taxes	5.61%	19.19%

	Company Size Under $3 Million	Leaders Under $3 Million	Company Size $3-8 Million	Leaders $3-8 Million
VALUE ADDED ANALYSIS				
FACTORY PAYROLL				
Supervisory Salaries	3.33%	*	4.62%	*
Direct Wages				
Prepress	4.10	*	4.60	*
Press	11.53	*	11.78	*
Collator Operators	5.25	*	4.91	*
General Bindery	2.84	*	2.87	*
Total Direct Wages	23.72	*	24.17	*
Direct Overtime Wages (MEMO)	1.10	*	1.43	*
General Factory Salary & Wages	2.09	*	3.30	*
Packing, Shipping & Delivery Wages	1.96	*	1.25	*
Payroll Taxes	2.93	*	3.12	*
Employee Benefits	3.56	*	4.06	*
Total Factory Payroll (excluding Direct Overtime Wages)	37.58	*	40.52	*
FACTORY FIXED EXPENSES				
Occupancy Expense	6.12	*	5.13	*
Insurance	1.08	*	0.75	*
Taxes	1.00	*	0.65	*
Depreciation	4.99	*	6.70	*
Total Factory Fixed Expenses	13.19	*	13.23	*
Other Factory Supplies & Expense	8.13	*	8.52	*
Total Factory Expense	21.32	*	21.75	*
Gross Profit - Forms Manufacturing	41.10	*	37.73	*
OTHER OPERATIONS				
Value of Other Products & Services	0.00	*	3.03	*
Cost of Other Products & Services	0.00	*	2.22	*
Gross Profit - Other Products & Services	0.00	*	0.82	*
Total Gross Profit - All Operations	41.10%	*	38.55%	*

*Insufficient Data

Company Size $8-15 Million	Leaders $8-15 Million	Company Size $15-40 Million	Leaders $15-40 Million	Company Size Over $40 Million	Leaders Over $40 Million
4.23%	2.41%	3.65%	2.63%	2.78%	3.14%
3.88	4.16	4.54	3.75	2.37	2.78
11.21	10.39	11.97	12.08	8.94	8.72
5.81	5.63	4.46	3.60	3.71	5.59
2.05	1.26	2.11	1.62	1.37	1.42
22.94	21.43	23.09	21.05	16.39	18.51
1.78	1.17	2.27	2.29	1.05	0.86
3.68	4.19	3.39	3.55	4.96	3.88
1.70	1.16	2.12	2.20	2.00	1.41
2.72	2.27	2.73	1.82	2.38	2.35
4.75	4.45	4.48	5.34	4.49	4.58
40.02	35.92	39.45	36.59	32.99	33.86
3.95	4.63	4.54	3.70	2.46	2.28
0.72	0.51	0.81	0.66	0.38	0.22
0.90	0.91	0.92	0.47	0.80	0.64
5.86	5.74	5.33	5.79	4.96	4.54
11.44	11.79	11.60	10.62	8.61	7.68
9.53	9.11	8.60	8.53	8.96	7.04
20.97	20.90	20.20	19.15	17.57	14.72
39.02	43.18	40.34	44.25	49.43	51.42
11.79	40.64	2.59	0.00	2.50	5.26
6.59	21.59	1.77	0.00	2.09	4.47
5.20	19.05	0.82	0.00	0.41	0.79
44.21%	62.23%	41.16%	44.25%	49.85%	52.21%

	Company Size Under $3 Million	Leaders Under $3 Million	Company Size $3-8 Million	Leaders $3-8 Million
Administrative Expenses				
Executive Salaries	6.06%	*	5.35%	*
Office Salaries	5.40	*	5.04	*
Payroll Taxes	0.86	*	0.70	*
Employee Benefits	0.68	*	1.51	*
General Office Expense	5.56	*	5.27	*
Bad Debts	0.81	*	0.59	*
Total Administrative Expenses	19.37	*	18.47	*
Selling Expenses				
Executive Salaries	2.45	*	1.43	*
Salesperson Salaries & Commission	7.81	*	3.45	*
Sales - Clerical Salaries	1.79	*	2.96	*
Payroll Taxes	0.75	*	0.56	*
Employee Benefits	0.84	*	0.58	*
Travel & Entertainment	1.29	*	0.88	*
General Selling Expense	1.61	*	1.89	*
Shipping & Delivery Expense	1.72	*	0.60	*
Advertising	1.00	*	0.74	*
Total Selling Expense	19.26	*	13.09	*
TOTAL ADMINISTRATIVE & SELLING EXPENSE	38.63	*	31.55	*
OPERATING INCOME (LOSS)	2.47	*	7.00	*
Other Income & Expense				
Gross Proceeds - Scrap Sale	0.39	*	0.73	*
Other Income	0.20	*	1.95	*
Total Other Income	0.59	*	2.68	*
Interest Expense	2.41	*	3.10	*
Other Expense	0.20	*	2.04	*
Total Other Expense	2.62	*	5.14	*
Net Other Income (Expense)	-2.03	*	-2.46	*
Net Income (Loss) Before Taxes	0.44%	*	4.54%	*

*Insufficient Data

Company Size $8-15 Million	Leaders $8-15 Million	Company Size $15-40 Million	Leaders $15-40 Million	Company Size Over $40 Million	Leaders Over $40 Million
3.69%	3.28%	3.95%	2.12%	2.18%	2.46%
4.14	3.97	2.96	3.53	3.77	3.06
0.54	0.35	0.41	0.21	0.43	0.42
1.08	1.22	0.85	1.57	1.00	0.93
4.29	4.19	5.28	5.20	5.07	3.44
0.56	0.82	0.42	0.20	0.77	0.61
14.32	13.83	13.86	12.83	13.22	10.92
1.24	0.94	2.26	1.55	1.43	0.52
6.70	8.90	6.02	6.49	11.95	11.66
2.51	2.27	3.58	1.83	2.03	3.22
0.51	0.37	0.70	0.20	0.90	0.80
0.93	1.28	0.83	0.47	1.36	0.95
1.08	1.63	1.15	0.28	1.19	0.59
2.45	4.10	3.45	1.28	4.31	3.95
1.43	2.55	0.62	0.00	3.18	2.04
0.75	0.77	0.86	0.68	0.49	0.31
17.60	22.81	19.46	12.78	26.84	24.04
31.92	36.65	33.33	25.61	40.06	34.97
12.29	25.59	7.83	18.64	9.79	17.24
0.70	0.81	0.87	1.08	0.53	0.00
0.94	0.65	1.17	2.23	1.27	1.73
1.65	1.46	2.04	3.31	1.81	1.73
2.64	0.58	3.14	2.29	2.96	0.65
2.95	8.01	1.15	0.25	1.41	0.00
5.58	8.59	4.29	2.54	4.36	0.65
-3.93	-7.12	-2.25	0.77	-2.56	1.08
8.36%	18.47%	5.58%	19.41%	7.23%	18.32%

	Primary Channel Direct	Leaders	Direct Mixed	Leaders
VALUE ADDED ANALYSIS				
FACTORY PAYROLL				
Supervisory Salaries	3.21%	2.30%	3.24%	2.30%
Direct Wages				
Prepress	3.43	3.26	3.35	3.26
Press	9.68	10.26	9.23	10.26
Collator Operators	4.02	2.63	3.96	2.63
General Bindery	2.17	1.13	2.30	1.13
Total Direct Wages	19.30	17.29	18.83	17.29
Direct Overtime Wages (MEMO)	1.36	1.80	1.39	1.80
General Factory Salary & Wages	3.98	5.03	4.06	5.03
Packing, Shipping & Delivery Wages	1.56	1.81	1.68	1.81
Payroll Taxes	2.19	1.41	2.15	1.41
Employee Benefits	3.56	4.73	3.64	4.73
Total Factory Payroll*	33.80	32.59	33.59	32.59
FACTORY FIXED EXPENSES				
Occupancy Expense	4.31	2.78	4.14	2.78
Insurance	0.45	0.38	0.41	0.38
Taxes	0.76	0.82	0.70	0.82
Depreciation	4.98	5.15	4.86	5.15
Total Factory Fixed Expenses	10.50	9.13	10.11	9.13
Other Factory Supplies & Expense	8.33	9.00	7.66	9.00
Total Factory Expense	18.83	18.13	17.76	18.13
Gross Profit - Forms Manufacturing	47.37	49.28	48.64	49.28
OTHER OPERATIONS				
Value of Other Products & Services	13.11	43.40	14.36	43.40
Cost of Other Products & Services	8.07	23.71	8.85	23.71
Gross Profit - Other Products & Services	5.04	19.69	5.51	19.69
Total Gross Profit - All Operations	52.41%	68.98%	54.15%	68.98%

*Excluding Direct Overtime Wages

	Primary Channel Direct	Leaders	Direct Mixed	Leaders
Administrative Expenses				
Executive Salaries	3.00%	1.90%	2.97%	1.90%
Office Salaries	5.05	4.73	4.97	4.73
Payroll Taxes	0.57	0.19	0.55	0.19
Employee Benefits	1.34	1.69	1.42	1.69
General Office Expense	4.88	5.29	4.84	5.29
Bad Debts	0.54	0.73	0.57	0.73
Total Administrative Expenses	15.39	14.52	15.32	14.52
Selling Expenses				
Executive Salaries	2.25	0.79	2.23	0.79
Salesperson Salaries & Commission	14.70	17.19	14.97	17.19
Sales - Clerical Salaries	2.29	1.86	2.41	1.86
Payroll Taxes	0.99	0.37	0.97	0.37
Employee Benefits	1.14	1.05	1.16	1.05
Travel & Entertainment	1.32	1.54	1.24	1.54
General Selling Expense	3.95	4.93	4.17	4.93
Shipping & Delivery Expense	1.96	3.06	1.78	3.06
Advertising	0.42	0.34	0.40	0.34
Total Selling Expense	29.02	31.12	29.33	31.12
TOTAL ADMINISTRATIVE & SELLING EXPENSE	44.41	45.64	44.65	45.64
OPERATING INCOME (LOSS)	8.00	23.33	9.50	23.33
Other Income & Expense				
Gross Proceeds - Scrap Sale	0.49	0.54	0.44	0.54
Other Income	0.88	1.36	0.95	1.36
Total Other Income	1.37	1.89	1.39	1.89
Interest Expense	2.28	1.27	2.13	1.27
Other Expense	2.14	5.15	2.32	5.15
Total Other Expense	4.42	6.42	4.45	6.42
Net Other Income (Expense)	-3.04	-4.53	-3.06	-4.53
Net Income (Loss) Before Taxes	4.96%	18.80%	6.44%	18.80%

	Primary Channel Indirect	Leaders	Direct/ Continuous Custom	Leaders	Indirect Mixed
VALUE ADDED ANALYSIS					
FACTORY PAYROLL					
Supervisory Salaries	4.33%	3.35%	3.89%	3.14%	4.66%
Direct Wages					
Prepress	4.52	3.70	4.08	3.22	5.29
Press	12.03	10.53	11.90	9.86	12.20
Collator Operators	5.51	6.81	5.47	6.71	5.47
General Bindery	2.48	1.33	1.88	1.78	3.14
Total Direct Wages	24.55	22.38	23.34	21.56	26.10
Direct Overtime Wages (MEMO)	1.73	1.08	1.60	1.30	1.96
General Factory Salary & Wages	3.30	2.61	3.97	3.19	2.63
Packing, Shipping & Delivery Wages	1.71	1.64	1.16	0.70	2.02
Payroll Taxes	3.14	3.01	3.03	2.88	3.23
Employee Benefits	4.74	4.15	4.89	4.74	4.65
Total Factory Payroll (excluding Direct Overtime Wages)	41.78	37.14	40.27	36.21	43.30
FACTORY FIXED EXPENSES					
Occupancy Expense	4.77	4.65	4.52	4.37	5.25
Insurance	0.88	0.60	0.68	0.42	1.05
Taxes	0.88	0.67	0.77	0.72	0.98
Depreciation	6.32	5.29	6.57	5.60	6.50
Total Factory Fixed Expenses	12.85	11.20	12.53	11.10	13.78
Other Factory Supplies & Expense	9.09	6.91	8.74	6.06	9.60
Total Factory Expense	21.94	18.12	21.27	17.16	23.38
Gross Profit - Forms Manufacturing	36.28	44.75	38.45	46.64	33.32
OTHER OPERATIONS					
Value of Other Products & Services	1.31	0.25	0.36	0.33	2.53
Cost of Other Products & Services	0.78	0.35	0.30	0.47	1.41
Gross Profit - Other Products & Services	0.53	-0.10	0.06	-0.14	1.12
Total Gross Profit - All Operations	36.81%	44.64%	38.51%	46.50%	34.44%

	Primary Channel Indirect	Leaders	Direct/ Continuous Custom	Leaders	Indirect Mixed
Administrative Expenses					
Executive Salaries	5.15%	4.44%	4.90%	3.56%	5.18%
Office Salaries	3.92	2.68	3.84	2.33	4.20
Payroll Taxes	0.61	0.65	0.58	0.50	0.60
Employee Benefits	1.04	0.90	0.94	0.94	1.15
General Office Expense	5.08	3.84	4.86	3.72	5.29
Bad Debts	0.62	0.60	0.61	0.41	0.59
Total Administrative Expenses	16.43	13.11	15.72	11.46	17.01
Selling Expenses					
Executive Salaries	1.34	0.98	1.25	0.82	1.37
Salesperson Salaries & Commission	2.06	1.84	1.44	1.82	2.55
Sales - Clerical Salaries	2.98	2.37	3.86	3.17	2.36
Payroll Taxes	0.45	0.44	0.52	0.53	0.38
Employee Benefits	0.70	0.76	0.80	0.95	0.54
Travel & Entertainment	0.98	0.77	0.74	0.60	1.21
General Selling Expense	1.89	1.48	2.06	1.78	1.79
Shipping & Delivery Expense	0.80	0.46	0.76	0.62	0.70
Advertising	0.93	0.70	0.97	0.75	0.90
Total Selling Expense	12.13	9.80	12.40	11.04	11.81
TOTAL ADMINISTRATIVE & SELLING EXPENSE	28.56	22.91	28.12	22.50	28.82
OPERATING INCOME (LOSS)	8.24	21.73	10.39	23.99	5.62
Other Income & Expense					
Gross Proceeds - Scrap Sale	0.77	0.65	0.67	0.64	0.84
Other Income	1.42	1.25	1.07	1.60	2.00
Total Other Income	2.20	1.90	1.74	2.24	2.84
Interest Expense	3.14	1.20	3.54	1.24	2.38
Other Expense	1.74	2.99	1.39	3.99	2.30
Total Other Expense	4.88	4.20	4.93	5.23	4.68
Net Other Income (Expense)	-2.68	-2.30	-3.19	-2.99	-1.84
Net Income (Loss) Before Taxes	5.56%	19.44%	7.20%	21.00%	3.78%

Appendix

FISCAL YEAR 1990 SAMPLE COMPANY

OPERATING COST SCHEDULE FOR BUSINESS FORMS COMPANIES

International Business Forms Industries, Inc.
2111 Wilson Boulevard
Arlington, Virginia 22201

Fiscal year ended December 31,1990

PLEASE!

Company code 999

Put all negative figures in parentheses.
Check your work.
Be sure to keep a copy.

Zip/Mail Code 1 00000

Number of plants covered by this report 2 1

Read The Definitions Before Completing This Report

COMPLETED QUESTIONNAIRES SHOULD BE RETURNED NO LATER THAN APRIL 5, 1991

TO

INDUSTRY INSIGHTS, INC.
P.O. Box 20127
1585 Bethel Road
Columbus, Ohio 43220

I. Net Sales

Business Forms and Other Printed Products:	To Dealers		To Consumers		Total
A. Continuous Custom *Includes pack to pack production*	3 $10,000,000	+	14	=	25 $10,000,000
B. Continuous Stock	4	+	15	=	26
C. Unit sets	5 6,000,000	+	16	=	27 6,000,000
D. Sales/manifold books *Includes pegboard accounting systems*	6	+	17	=	28
E. Pressure sensitive labels	7	+	18	=	29
F. Cut sheet	8	+	19	=	30
G. Commercial printing and other forms	9	+	20	=	31
H. Net business forms sales SUM OF A-G	10 16,000,000	+	21	=	32 16,000,000
I. Forms manufactured in their entirety by others	11 100,000	+	22	=	33 100,000
J. Services and other non-printed products	12	+	23	=	34
K. Total Sales SUM OF H-J	13 16,100,000	+	24	=	35 16,100,000

II. **Employee breakdowns** *Number of all paid employees including executives, partners, or owners as full time equivalents*

L. Factory (average)	36	135
M. Administrative (average)	37	20
N. Sales Department (average)	38	15
O. Total employes SUM OF L-N	39	170

III. **Average Order Size-number of sets in an average order, check one** (M = thousand):

40-1 ☐ Under 1M 2 ☐1-10M 3 ☒1-25M 4 ☐26-50M 5 ☐51-100M 6 ☐Over 100M

Enter a result for each line item.
Put all negative figures in parentheses.
Check your work.
Be sure to keep a copy.

OPERATING STATEMENT

		Omit Cents	Omit Cents
FORMS MANUFACTURING			
VALUE OF PRODUCTION			
Net sales of printed products manufactured *Item H from page 1*	41	16,000,000	
Less work in process and finished goods, beginning of year balances	42	600,000	
Add work in process and finished goods, end of year balances	43	1,000,000	
1a. Value of products manufactured	44	16,400,000	
1b. Outside purchases *Item I from page 1*	45	100,000	
1. Value of Production-Forms Manufacturing 1a. PLUS 1b	46		16,500,000
COST OF PRODUCTION:			
Direct Materials Used:			
2. Paper	47	5,950,000	
3. Carbon Paper	48	369,000	
4. Other *Trade composition, binding, ink, cartons, etc.*	49	675,000	
5. Outside finished products	50	113,000	
6. Total materials used SUM OF ITEMS 2-5	51		7,107,000
Factory Payroll:			
7. Supervisory salaries	52	427,000	
Direct Wages *Including overtime but not payroll taxes or benefits*			
8. Prepress	53	396,000	
9. Press	54	1,170,000	
10. Collator Operators	55	662,000	
11. General binders	56	187,000	
12. Total paid to direct employees SUM OF ITEMS 8-11	57		2,415,000
13. Direct employee overtime wages *Included in 12 above*	58	104,000	
14. General factory salaries and wages	59	363,000	
15. Packing, shipping and delivery wages	60	295,000	
16. Payroll taxes for all employees	61	328,000	
17. Employee benefits for all employees	62	561,000	
18. Total factory payroll SUM OF ITEMS 7, 12, 14, 15, 16, 17; EXCL. ITEM 13	63		4,389,000
Factory Fixed Expenses:			
19. Occupancy expense	64	472,000	
20. Insurance	65	103,000	
21. Taxes *Real estate, property*	66	39,000	
22. Depreciation	67	648,000	
23. Total factory fixed expenses SUM OF ITEMS 19-22	68		1,262,000
24. Other factory supplies and expense *See directions for item 24*	69	899,000	
25. Total factory expense SUM OF ITEMS 23, 24	70		2,161,000
26. Factory cost of production SUM OF ITEMS 6, 18, 25	71		13,657,000
27. **Gross Profit-Forms Manufacturing** ITEM 1 LESS ITEM 26	72		2,843,000

Enter a result for each line item.
Put all negative figures in parentheses.
Check your work.
Be sure to keep a copy.

		Omit Cents	Omit Cents
OTHER OPERATIONS			
28.	Value of non-printed products and other services ITEM J ADJUSTED FOR CHANGES IN INVENTORY	73 0	-
29.	Cost of non-printed products and other services	74 0	
30.	**Gross Profit from Non-Printed Products and Other Services** ITEM 28 LESS ITEM 29		75 0
FORMS MANUFACTURING AND OTHER OPERATIONS			
31.	**Gross Profit from All Operations** ITEM 27 PLUS OR MINUS 30		76 2,843,000
Administrative Expenses			
32.	Salaries, executive	77 544,000	
33.	Salaries, office	78 342,000	
34.	Payroll taxes	79 33,000	
35.	Employee benefits	80 141,000	
36.	General office expense	81 318,000	
37.	Bad debts	82 16,000	
38.	Total administrative expense SUM OF ITEMS 32-37		83 1,394,000
Selling Expense			
39.	Salaries, executive	84 122,000	
40.	Salaries and commissions, sales personnel	85 344,000	
41.	Salaries, sales office clerical	86 150,000	
42.	Payroll taxes	87 53,000	
43.	Employee benefits	88 81,000	
44.	Travel and entertainment expense	89 103,000	
45.	General selling expense	90 87,000	
46.	Shipping and delivery expense	91 32,000	
47.	Advertising	92 111,000	
48.	Total selling expense SUM OF ITEMS 39-47		93 1,083,000
49.	Total administrative and selling cost ITEMS 38 PLUS ITEM 48		94 2,477,000
50.	OPERATING INCOME (LOSS) ITEM 31 LESS ITEM 49		95 366,000
Other Income and Expense *Please be sure to put negative items in parentheses.*			
51.	Gross proceeds from sale of scrap	96 81,000	
52.	Other income	97 5,000	
53.	Total other income ITEMS 51 PLUS ITEM 52		98 86,000
54.	Interest expense	99 365,000	
55.	Other expense	100 11,000	
56.	Total other expense ITEM 54 PLUS ITEM 55		101 376,000
57.	Net other income (expense) ITEM 53 LESS ITEM 56		102 (290,000)
58.	NET INCOME (LOSS) before income taxes ITEM 50 PLUS OR MINUS ITEM 57		103 76,000

Enter a result for each line item.
Put all negative figures in parentheses.
Check your work.
Be sure to keep a copy.

BALANCE SHEET

		Omit Cents	Omit Cents
Current Assets	**ASSETS**		
100. Cash		104 60,000	
101. Notes and accounts receivable		105 1,077,000	
102. Less allowance for bad debts		106 16,000	
103. Net receivables	ITEM 101 LESS ITEM 102		107 1,061,000
104. Raw materials inventory		108 447,000	
105. Finished products inventory		109 546,000	
106. Work in process inventory		110 234,000	
107. Other inventories		111 306,000	
108. Total inventories	SUM OF ITEMS 104-107		112 1,533,000
109. Other current assets			113 8,000
110. **Total current assets**	SUM OF ITEMS 100, 103, 108, 109		114 2,662,000
Fixed Assets			
111. Real estate, Land and Buildings		115 1,540,000	
112. Less allowance for depreciation on buildings		116 490,000	
113. Net real estate	ITEM 111 LESS 112		117 1,050,000
114. Machinery and equipment		118 6,899,000	
115. Less allowance for depreciation on machinery and equipment		119 5,326,000	
116. Net machinery and equipment	ITEM 114 LESS ITEM 115		120 1,573,000
117. Other fixed assets		121 2,132,000	
118. Less allowance for depreciation on other fixed assets		122 1,121,000	
119. Net other fixed assets	ITEM 117 LESS ITEM 118		123 1,011,000
120. **Total fixed assets**	ITEMS 113, 116, 119		124 3,634,000
121. **Other assets**			125 614,000
122. **TOTAL ASSETS**	SUM OF ITEMS 110, 120, 121		126 6,910,000
Current Liabilities	**LIABILITIES AND NET WORTH**		
123. Notes payable within one year		127 242,000	
124. Accounts payable		128 684,000	
125. Other current liabilities		129 456,000	
126. Total current liabilities	SUM OF ITEMS 123-125		130 1,382,000
127. Long-term debt		131 2,979,000	
128. Other long-term liabilities		132 138,000	
129. Total long-term liabilities	SUM OF ITEMS 127 AND 128		133 3,117,000
130. **Total liabilities**	SUM OF ITEMS 126 AND 129		134 4,499,000
131. **Total net worth**	ITEM 122 LESS 130		135 2,411,000
132. **TOTAL LIABILITIES AND NET WORTH**	SUM OF ITEMS 130 AND 131		136 6,910,000

NAME OF PERSON TO CONTACT IN CASE OF QUERIES: _____

International Business Forms Industries, Inc.

Standard Classification Of Accounts
for Business Forms Companies

I. **Net Sales**
The balance of Gross Sales for the period less Cash Allowances and Sales Discounts Earned is Net Sales.

A-G. **Business Forms and Other Printed Products Manufactured and Sold**--Net sales of forms and printed products manufactured in *your* plant. Report separately the sales made through dealers (e.g., distributors, office suppliers, quick printers and other manufacturers) and the sales made directly to the consumers (the end user).

I. **Forms and Other Printed Products Manufactured in Their Entirety by Others**--Net sales of all forms sold by your company *without* any processing in your plant.

J. **Non-Printed Products and Other Services**--Net sales of all non-printed products (e.g. toner, ribbons, etc.) whether manufactured by your company or purchased for resale, and receipts for services provided and billed for such as inventory management, warehousing, systems design, etc.

II. **Employee Breakdowns/Classifying Employees**

One of the important figures shown in the IBFI Ratio Study is the number of full-time employees in the average firm. This is the basis for computing the highly significant "Pay per Employee" and "Production or Sales per Employee".

It is necessary, therefore, that your listing of the number of employees in your firm be reasonably accurate. Note that the information requested is the average number of *full-time* equivalent employees. It is also important that employees be correctly classified as Factory, Administrative or Selling.

Factory includes prepress personnel, machine operators and helpers, bindery personnel, maintenance and janitorial personnel, and any clerical staff that are concerned solely with production, e.g. production clerk-typists, production schedulers, inventory clerks, expediters, quality control personnel and the like.

Administrative includes all executives or officers active in the business, their secretaries, all accounting personnel, receptionists/switchboard staff, all data processing personnel, all purchasing personnel, general file clerks, all employees of the personnel department, finished goods inventory personnel, and credit department personnel.

Sales Department includes all salespersons, sales and/or marketing managers, any advertising personnel, sales service personnel, estimators, order writers, any clerical personnel assigned to the sales department, and all shipping and delivery personnel.

Split duties: Personnel whose duties put them into more than one of the above categories should be split up according to a rough estimate of time spent in each, e.g. 1/3 to sales and 2/3 to production. **Part-time** employees should be counted as a fraction, e.g. 1/2 if an employee works a 20-hour week. Any employees who are considered to be full-time but are temporarily on short hours due to market or similar conditions should still be counted as full-time.

Specific Positions:

Estimators: If their function is primarily to prepare estimates for sales purposes, they should be classed as Selling Clerical. If their time is split between preparing sales estimates (Selling), checking Job Cost Sheets and preparing them for billing (Administrative), and/or compiling production records and standards (Factory), their time (salaries) should be split and apportioned accordingly.

Production Control or Scheduling: Employees who schedule and follow jobs through production to completion and delivery should be classed as General Factory, regardless of whether the work is done in the plant or in the office.

Sales Expediters: Employees whose primary job is to take over from salespeople the details of job preparation (ordering art work, photos and photo-engraving, maintaining customer contact for copy, proofs, etc.) should be classed as Selling Clerical. If they also follow jobs through the plant for production or production scheduling (Factory), their time (salaries) should be split accordingly between Selling Clerical and General Factory.

Purchasing Agents: Employees who specify and order paper, ink, and other materials and factory supplies should be classed as General Factory.

In classifying employees, the *function* of the employee is the important consideration, not where the work is performed. Where doubt exists as to classification or split, preference should be given first to Factory, then to Selling, and finally to Administrative.

Proprietor's and Partner's Salaries

Proprietors or Partners should always include in their expenses of the business an adequate "salary" for their services, even if it is not actually drawn regularly. Otherwise, the real comparable profits of an unincorporated business may be grossly overstated. Of course, these "salaries" must later be deducted from expense in making tax returns. But they should be included in the expenses shown in the IBFI Ratio reports from proprietorships and partnerships.

These Proprietor's or Partner's "salaries" should always be apportioned between Factory, Administrative and Selling according to reasonable estimates of time spent on each of these phases of the business, as explained above.

OPERATING STATEMENT

Item

1 VALUE OF PRODUCTION--Business Forms Manufactured and Sold.

Work in Process and Finished Goods...Beginning of Year...End of Year--The inventory of work in process and finished goods at the beginning of the period is deducted from Net Sales, and the inventory of work in process and finished goods at the end of the period is added. This total is then added to Outside Purchases to obtain the Value of Production for the period.

COST OF PRODUCTION

Direct Materials Used

2 **Paper--Includes Carbonless Paper and Freight Expenses Net of Rebates and Discounts**--Do not decrease the cost of paper by sale of scrap and plates. These proceeds should be included in other income (item 51).

3 **Carbon Paper**--Includes freight expense. Include here the direct cost of carbon paper manufactured for your own use.

4 **Other Direct Material**--Trade composition, binding, ink, cartons and other materials, such as labels affixed to label-form combinations.

5 **Outside Finished Products**--Cost of forms manufactured in their entirety by others and sold without any processing in your plant. Your plant does nothing but buy and sell the product.

6 **Total Materials Used**--These accounts (items 2 through 5), adjusted for changes in raw material inventory, summarize the cost value of materials and outside purchases chargeable to customers or used to increase finished goods or work in process inventories during the period.

Item

Factory Payroll

7 **Supervisory Salaries**--This account will be restricted to the compensation earned by the following factory personnel: Plant manager, plant supervisor and foreman (restricted to the following direct department foremen: prepress foreman, press foreman, collator foreman, and general bindery foreman), and an allocation of compensation earned by executives for time devoted to factory production, and to preparation and scheduling thereof.

Direct Wages--This account shows wages, to include vacations, holidays, sick pay, and overtime premiums paid to factory employees (including apprentices and helpers) directly engaged in production. The category has been broken down as follows: (See Section II, Employee Breakdowns, for classification of employees).

8 **Prepress**--Copy artists, designers, laser composition operators, typesetters, negative technicians, camera operators, strippers, plate makers, and other preparatory department employees.

9 **Press**--Press operators and helpers.

10 **Collator Operators**--Collator operators and helpers.

Item

11 **General Binders**--Operators of tippers, drills, stitchers, paper cutters, film or shrink-wrapping machines, wrappers, and packagers (do not include general shipping room labor when engaged only in placing product in the carton), belt folders, interleavers, and padders.

12 **Total Paid to Direct Employees**--The total direct wages paid to employees *including* overtime amounts shown in item 13.

13 **Direct Employee Overtime Wages**--Includes overtime and premium time pay. These amounts are to be included in item 12 above.

14 **General Factory Salaries and Wages**--This account will be restricted to the wages of all factory employees other than those covered under supervisory salaries, wages direct, packing and shipping, and delivery wages. Wages should include compensation for vacations, sick leave, holidays, bonuses, and overtime premiums. Examples of employees in this category will be as follows: Warehouse and material handlers, baler operators, maintenance workers (plant and machine), janitorial help, security personnel, foreman of any non-direct labor department, secretaries to factory supervisors, production clerk/typists, order editors, production planners, production schedulers, production control personnel, inventory clerk (raw materials), expeditors, change coordinators, job ticker and negative file clerks, quality control personnel, and industrial engineers.

15 **Packing, Shipping and Delivery Wages**--This account includes shipping clerks, traffic and routing clerks, packers (not to be confused with packagers which are included in the direct wage account, general bindery), truck drivers, and shipping department foreman.

16 **Payroll Taxes (Federal, state, local)**--This account is charged with government taxes for retirement, unemployment benefits, etc.

17 **Employee Benefits**--This account is charged with premiums or other expenses of disability or sick benefit insurance or plans, life insurance, pension, retirement or profit-sharing plans, etc. as they cover factory employees.

18 **Total Factory Payroll**--does not include line 13.

FACTORY EXPENSES

Factory Fixed Expenses--Only those which relate to manufacturing facilities.

19 **Occupancy Expense**--Rent, heat, utilities, leasehold improvements, building depreciation and amortization, and building maintenance.

Item

20 **Insurance**--Real estate, property, and strike insurance.

21 **Taxes**--Real estate and property.

22 **Depreciation**--Current charge to accumulated depreciation accounts of fixed assets. Payments for rent or lease of machinery or equipment are, for purposes of this report, included as depreciation. (See Balance Sheet definitions, Fixed Assets)

23 **Total Factory Fixed Expenses**

24 **Other Factory Supplies and Expenses**

Prepress Supplies and Expense--Film, plates, chemicals, parts, repairs, etc.

Press Supplies and Expense--Numbering machines, recovering rollers, fountain solutions, blankets, punches, dyes, perf wheels, parts, repairs, etc.

Collator Supplies and Expense--Includes glue, perf rules, parts, repairs, etc.

General Bindery Supplies and Expense--Supplies, boxes (not cartons), film wrap, staples, twine, etc.

Packing and Shipping Materials and Supplies--Include freight cost in item 46.

26 **FACTORY COST OF PRODUCTION**--This item is the sum of the Material Used, Factory Payroll, and Factory Expenses items noted above.

27 **GROSS PROFIT FROM FORMS MANUFACTURING**--The credit remaining after deducting Factory Cost of Production from Value of Production - Forms Manufacturing.

OTHER OPERATIONS

Many business forms companies also manufacture and/or sell other products and services. The sales value and costs of these other operations should not be included in the report on forms manufacturing activities. However, the administrative and selling expenses incurred in these other activities often cannot be logically separated from the forms operation. This also may be the case when reporting the company's financial position on the balance sheet.

For those companies which cannot logically separate these operations, the IBFI Standard Classification provides a standardized treatment of these items so that the ratios of all companies are roughly comparable.

Item

28 **Value of Non-Printed Products and Other Services**--Net sales (Item I.J) adjusted for changes in work in process and finished goods inventories. If the value of these other products or services are included in the price of forms, (and therefore within Items I.A through G), and they are substantial enough to understate your Cost of Forms Manufacturing ratios, some separation from the sales and costs of forms is desirable. The Chart of Accounts recommends computing the Value of Other Products and Services by applying a reasonable or representative mark-up to the cost of producing or providing these products or services. Be sure that this computed Value of Other Products or Services is not also included in Item 1, Value of Production - Forms Manufacturing or in Item I.H, Net Sales of Printed Products Manufactured.

29 **Cost of Non-Printed Products and Other Services**--The direct costs, excluding administrative and selling expenses, of producing or providing these other products or services.

30 **Gross Profit From Non-Printed Products and Other Services**--The credit remaining after deducting costs from the value of these other non-printed operations.

31 **Gross Profit From All Operations** -- Item 27 plus Item 30. The ratio for Gross Profit from All Operations and all following ratios are computed as a percent of Total Value of All Products and Services (Item 1 plus Item 28).

Administrative Expenses

32 **Salaries, Executive**--Includes total compensation paid to President, Treasurer, all officers active in the business, General Manager, Administrative Assistants, Controller, Accounting Supervisor, Credit Manager, Data Processing Supervisor, Director of Purchases, and Director of Personnel. If an executive spends a portion or all of his or her time in such areas as sales or general plant supervision, the salary should be allocated to those cost centers based on the percentage of time expended in each area.

33 **Salaries, Office**--Includes office personnel such as secretaries to administrative executives, purchasing agents, billing clerks, bookkeepers, general file clerks, switchboard operators, data processing personnel, office managers, and finished goods inventory clerks.

34-35 **Payroll Taxes and Employee Benefits**--These accounts are charged with items similar to those listed under the same classifications in Factory Payroll, as they apply to *Administrative* Employees.

Item

36 **General Office Expense**--This account covers all of the various general expenses such as office supplies and services (towels, minor repairs to office machines, etc.), stationery, postage, telephone, telegraph and FAX, legal and accounting fees, donations, dues, fees and expenses of membership in trade and other associations (not primarily for selling), travel expense (not primarily for selling), space or occupancy expense, etc.

37 **Bad Debts**--This account provides for losses on uncollectible accounts. Some firms also include cost of credit reports and collection expenses such as legal fees, court costs, etc.

Selling Expenses

39 **Salaries, Executive**--Includes compensation to sales managers who do not primarily solicit sales, direct or dealer, marketing managers, sales trainers, sales administrators, sales promotion managers, advertising managers, and sales service managers.

40 **Salaries and Commissions, Sales Personnel**--This account is charged with sales personnel salaries and commissions in connection with selling.

41 **Salaries, Sales Office Clerical**--Includes salaries of the estimator, sales service personnel, secretaries and stenographers working with sales, and order writers.

42-43 **Payroll Taxes and Employee Benefits**--These accounts are charged with items similar to those listed under the same classifications in Factory Payroll, as they apply to *Sales Department* Employees.

44 **Travel and Entertainment Expense**--Travel and miscellaneous expenses (such as entertainment of customers and prospects) are charged to this account.

45 **General Selling Expense**--Space or occupancy expense, office supplies, telephone, etc., used primarily for selling.

46 **Shipping and Delivery Expense**--This account includes such items as freight, express, parcel post, outside delivery services, etc. Report the net expense after delivery to the customer, i.e., the total difference between the amounts billed to the customer and the amounts paid for transportation expense to the customer.

47 **Advertising**--Charge to this account the cost of mailing lists bought or compiled; the ex-

Item	
	pense of preparing, printing, and mailing the firm's advertising; the cost of newspaper, radio or television advertising or promotion; and directory, novelty, and other forms of advertising.
50	**OPERATING INCOME OR LOSS**--This is the credit (Operating Profit) that remains after subtracting Total Administrative and Selling Expenses from Gross Profit. If the expenses exceed the Gross Profit, the difference is an Operating Loss and should be expressed in parentheses.
	Other Income and Expense
51-52	**Other Income**--Include sale of scrap and plates in item 51.
54-55	**Other Expense**--This category breaks out separately interest expense and miscellaneous other expenses.
57	**Net Other Income or Expense**--This is the net difference between Other Income and Other Expense. If the net balance is Income, it is, of course, added to Operating Income; if net balance is Expense, it is deducted from Operating Income.
58	**NET INCOME OR LOSS (before Income Taxes)**

BALANCE SHEET

Item	
	ASSETS
	Current Assets
100	**Cash**--This account shows cash in bank and on hand.
101	**Notes and Accounts Receivable**--This account shows as a balance the face value of all notes and outstanding charges held against others.
102	**Allowance for Bad Debts**--This makes provision for possible losses from uncollectible customer accounts.
104-108	**Inventories**--Raw Materials, Finished Products, Work in Process, and Other Inventories.
109	**Other Current Assets**--Shows other current assets not already listed, such as prepaid expenses, etc.
	Fixed Assets
111	**Real Estate, Land, Buildings**--Represents the gross cost or value of these investments.
112	**Allowance for Depreciation on Buildings**--Measures the estimated cumulative depreciation.
114	**Machinery and Equipment**--See instructions for item 111. If the machinery and equipment are leased under a capital lease, capitalize according to FASB standards.
115	**Allowance for Depreciation on Machinery and Equipment**--Measures the estimated cumulative depreciation.
117	**Other Fixed Assets**--This account shows all other fixed assets not listed above.
118	**Allowance for Depreciation on Other Fixed Assets**--Measures the estimated cumulative depreciation.
121	**Other Assets**--Covers any other assets not listed above.
	LIABILITIES
	Current Liabilities
123	**Notes Payable Within One Year**--This account shows obligations of the business, such as negotiable paper or other written promises, which the firm is to pay within one year.
124	**Accounts Payable**--Shows the liability of the business for the total of balances owed creditors and due currently.

Item

125 **Other Current Liabilities**--This account shows all other obligations payable within one year.

127 **Long-Term Debt**--This account shows long-term obligations of the business, in excess of one year (do not include current portions of debt).

128 **Other Long-Term Liabilities**--Such as deferred taxes and deferred income.

131 **TOTAL NET WORTH**--This account equals total assets minus total liabilities. It includes any of these capital accounts:

Corporation Capital Stock, Issued and Outstanding--This account represents the aggregate par or stated value of the original and subsequent investments made by stockholders in the Common or Preferred Stock of a corporate form of business, less any subsequent redemptions.

Corporation Surplus and Undivided Profits (Retained Earnings)--This account, usually found only on the books of a corporation, shows the cumulative earnings of the business not distributed as dividends and not specifically reserved for some definite purpose.

Proprietary Capital (Individual Proprietorship or Partnership)--This account shows the present net worth or net capital of the individual proprietorship or partnership form of business.

International Business Forms Industries, Inc.
2111 Wilson Boulevard
Arlington, Virginia 22201

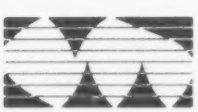
IBFI RATIO DEFINITIONS AND SAMPLE CALCULATIONS

Performance Measures	Method of Computation ( ) Indicates Survey Line #	Suggested Uses	Computational Example For Sample Company
PROFITABILITY			
Gross Profit - % of Sales	(31) Gross Profit from all operations ÷ (1) Value of Production - Forms Mfg.	Determining pricing policies and how well receipts cover services offered.	$2,843,000 ÷ 16,500,000 = 17.2%
Income Before Tax - % of Sales	(58) Net Income Before Tax ÷ (1) Value of Production	Margin management (gross profit and expenses). Measures ability to generate adequate profit on sales.	$76,000 ÷ 16,500,000 = 0.5%
Income Before Tax - % of Total Assets	(58) Net Income Before Tax ÷ (122) Total Assets	Overall financial performance from a managerial standpoint.	$76,000 ÷ 6,910,000 = 1.1%
EBIT* - % of Total Assets	[(58) Net Income Before Tax + (54) Interest Expense] ÷ (122) Total Assets	Same as above but ignores interest, a non-operational expense. Best overall profitability measure.	[$76,000 + 365,000] ÷ 6,910,000 = 6.4%
Income Before Tax - % of Net Worth	(58) Net Income Before Tax ÷ (131) Total Net Worth	Overall financial performance from the owners' standpoint.	$76,000 ÷ 2,411,000 = 3.2%
Cash Flow (ROI)	[[.67 x (58) Net Income Before Tax] + (22) Depreciation] ÷ [(110) Current Assets + (111) Real Estate, Land & Buildings + (114) Machinery & Equipment + (117) Other Fixed Assets]	Cash return on earning assets.	[[.67 x $76,000] + 648,000] ÷ [2,662,000 + 1,540,000 + 6,899,000 + 2,132,000] = 5.3%
Return on Investment	(58) Net Income Before Tax + [(110) Current Assets + (111) Real Estate, Land & Buildings + (114) Machinery & Equipment + (117) Other Fixed Assets]	Profit return on earning assets.	$76,000 ÷ [$2,662,000 + 1,540,000 + 6,899,000 + 2,132,000] = 0.6%
ASSET PRODUCTIVITY			
Net Sales to Total Assets	(1) Value of Production ÷ (122) Total Assets	Asset management - productivity of total asset base. Measures ability to generate adequate sales on the assets employed in the business.	$16,500,000 ÷ 6,910,000 = 2.4
Net Sales to Net Fixed Assets	(1) Value of Production ÷ (120) Total Fixed Assets	Measures productivity of fixed assets.	$16,500,000 ÷ 3,634,000 = 4.5
Inventory Turnover	(1) Value of Production ÷ (108) Total Inventories	Measures of inventory productivity. Compare to industry or to own company over time.	$16,500,000 ÷ 1,533,000 = 10.8
Days Raw Materials in Inventory	(104) Raw Materials Inventory x 365 ÷ (6) Total Materials Used	Measures number of days material in stock.	$447,000 x 365 ÷ 7,107,000 = 23 days
Collection Days of Accounts Receivable	(101) Notes & Accounts Receivable x 365 ÷ (1) Value of Production	Measures effectiveness of collection policies. Compare to industry and over time.	$1,061,000 x 365 ÷ 16,500,000 = 23 days
EMPLOYEE PRODUCTIVITY			
Sales/Gross Factory Investment	(1) Value of Production ÷ [(111) Real Estate, Land & Buildings + (114) Machinery & Equipment + (117) Other Fixed Assets]	Measures productivity of fixed assets valued at original cost.	$16,500,000 ÷ [1,540,000 + 6,899,000 + 2,132,000] = 1.6

*EBIT is Earnings Before Interest and Taxes

IBFI RATIO DEFINITIONS AND SAMPLE CALCULATIONS

Performance Measures	Method of Computation ( ) Indicates Survey Line #	Suggested Uses	Computational Example For Sample Company
Sales Per Employee	(1) Value of Production ÷ (O.) Total Employees	Measures overall employee productivity. Also compute sales per factory, administrative and sales employees. These ratios will be distorted by inflation over time.	$16,500,000 ÷ 170 = $97,059
Sales Less Materials Per Factory Employee	[(1) Value of Production - (6) Total Materials Used] ÷ (L.) Factory Employees	Measures "value added" per factory employee. See **value added** section for more information on this concept.	[$16,500,000 - 7,107,000] ÷ 135 = $69,578
Payroll Per Employee	[(14) General Factory Payroll + (15) Packing, Shipping & Delivery Payroll + (7) Factory Supervision Salaries + (12) Direct Factory Wages + (32) Admin. Executive Salaries + (33) Office Salaries + (39) Sales Executive Salaries + (40) Sales Salaries and Commission + (41) Sales Office Salaries] ÷ (O.) Total Employees	Measures of average compensation per employee in total company. Also compute for factory, administration and sales individually. Distorted by inflation over time.	[$363,000 + 295,000 + 427,000 + 2,415,000 + 544,000 + 342,000 + 122,000 + 344,000 + 150,000] ÷ 170 = $29,424
Tax & Benefits Per Employee	[(16), (34), (42) Payroll Taxes + (17), (35), (43) Employee Benefits] ÷ (O.) Total Employees.	Measures overall taxes & benefits per employee in the company. Can also be computed separately for factory, administrative and selling employees.	[$328,000 + 33,000 + 53,000 + 561,000 + 141,000 + 81,000] ÷ 170 = $7,041
WORKING CAPITAL RATIOS			
Current Assets/Current Liabilities	(110) Total Current Assets ÷ (126) Total Current Liabilities	Current ratio. Measures ability to pay short-term obligations out of liquid assets.	$2,662,000 ÷ 1,382,000 = 1.9
Sales to Net Working Capital	(1) Value of Production ÷ [(110) Total Current Assets - (126) Total Current Liabilities]	Measures adequacy of working capital (the excess of current assets over current liabilities) to support sales activity.	$16,500,000 ÷ [2,662,000 - 1,382,000] = 12.9
Inventory to Net Working Capital	(108) Total Inventories ÷ [(110) Total Current Assets - (126) Total Current Liabilities]	Measures proportion of company's working capital vulnerable to slow movement or write down of inventory.	$1,533,000 ÷ [2,662,000 - 1,382,000] = 1.2
INVESTMENT ADEQUACY			
Net Worth - % of Fixed Assets	(131) Total Net Worth ÷ (120) Total Fixed Assets (net)	Measures percentage of fixed asset base funded by owners' funds.	$2,411,000 ÷ 3,634,000 = 66.3%
Average Plant Investment Per Factory Employee	[(111) Real Estate, Land & Buildings + (114) Machinery & Equipment + (117) Other Fixed Assets] ÷ (L.) Factory Employees	Determines the gross investment in fixed assets per factory employee. Good measure of mix between capital and labor.	[$1,540,000 + 6,899,000 + 2,132,000] ÷ 135 = $78,304
Current Liabilities to Net Worth	(126) Total Current Liabilities ÷ (131) Total Net Worth	Measures stake of current creditors (suppliers, banks, etc.) in the business versus owners' investments	$1,382,000 ÷ 2,411,000 = 0.6
Long-term Debt to Net Worth	(127) Long-term Debt ÷ (131) Total Net Worth	Determine the ratio of capitalization of the business provided by long-term creditors versus owners.	$2,979,000 ÷ 2,411,000 = 1.2
Total Liabilities to Net Worth	(130) Total Liabilities ÷ (131) Total Net Worth	Measures financial leverage, the proportion of funds supplied by creditors versus owners.	$4,499,000 ÷ 2,411,000 = 1.9
Net Sales to Net Worth	(1) Value of Production ÷ (131) Total Net Worth	The trading ratio. Measure the ratio of owners' investment to the level of sales activity.	$16,500,000 ÷ 2,411,000 = 6.8



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